HOUSING & SETTLEMENTS INFRASTRUCTURE

in Southern Africa

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20TH ANNIVERSARY

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JULY 2016

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NHFC... in the pursuit of housing

The National Housing Finance Corporation (NHFC), the state's key development finance institution for Human Settlements, celebrates its 20th anniversary this year and to mark the occasion we talk to some of the leading players in the sector and track its history.

Over the years, the NHFC has certainly played an integral part in developing housing finance, funding and creating a social housing market, and giving many entrepreneurs the opportunity to build sizeable housing stock portfolios within the inner city of Johannesburg and around the country. It is probably the only state-owned entity that has had the same CEO and Chairperson for 16 years. This stability has been endorsed by each successive Minister of Housing/Human Settlements since Joe Slovo and Eric Molobi, the iconic ANC stalwart, businessman and first Chairperson of the NHFC.

The NHFC is certainly not nimble or quick in terms of commercial corporate companies, but it is steadfast, meticulous, careful, and expects sector players to repay their debts. This is in order for the institution not only to be sustainable but to continue to provide funding. Set up with a limited injection of capital, the institution was self-sustaining until the recent global economic meltdown – the only time that the state's leading Development Finance Institution asked Treasury for more money. Government entities, irrespective of portfolio, could take a leaf out of NHFC's play book instead of asking Treasury for bail outs annually.

NHFC CEO, Samson Moraba and Chairperson, Michael Katz, reflect on some of the highlights and difficult moments of the NHFC. Renney Plit from inner city housing specialist, Afhco, recently renamed the African Housing Company, says that they owe much of their success to the NHFC. Paul Jackson, CEO of the Trust for Urban Housing Finance (TUHF), gives credit to the NHFC for the establishment of TUHF and the impact that it has made in the Johannesburg inner city.

In Cape Town, Executive Mayor Patricia de Lille, is looking for partners to finish highways around the city and to propose housing developments in these areas. The prospectus will be available on the city's website by mid-July.

The Council for Scientific and Industrial Research (CSIR) has created a recycling waste model, which contains data on each suburb for every metro and municipality in the country. The model compares various collection methods, different household waste options and is currently being expanded to take into account the social and environmental implications of each option.

Harvard's Joint Centre for Housing Studies recently released the State of the Nation's Housing report which tends to mirror South Africa's long road to economic wellbeing in the residential low cost market. After an unprecedented 10 year downward trend, the United States housing market is now strengthening.

Finally, entrepreneurs and developers need to meet the housing expectations of the next wave of home buyers – the millennials – and what they expect in a residential space.

Enjoy the read!

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HOUSING in Southern Africa

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PRINTED BY:
Tandym Print

AVERAGE CIRCULATION (FIRST QUARTER 2016) 3 727

Banks raise home loan deposits

Shaun Rademeyer

The slowing economy has not yet caused a decline in the percentage of home loans applications being approved by banks, but banks have started raising deposit requirements in recent months.

Purchase price	Average deposit	Maximum % of purchase price
R0 to R250 000	R17 205	-
R250 00 to R500 000	R30 638	12,3%
R500 00 to R1m	R93 371	18,7%
R1m to R1,5m	R222 353	22,2%

According to Shaun Rademeyer, CEO of BetterLife Home Loans, the country's largest mortgage originator, banks are applying strict affordability criteria in terms of the National Credit Act, and this has resulted in most buyers requiring a bigger deposit than they did a year ago.

Rademeyer says, "The main reason for this change is the steady rise in interest rates since July last year, which has pushed up the monthly repayments on all kinds of debt. This combined with rising inflation has put many household budgets under pressure and negatively affected housing affordability."

He points out that once householders have paid all their monthly bills many people just don't have enough disposable income left to comfortably afford a bond repayment. In these circumstances, the banks have no choice but to restrict the size of loans.

What is more, he says, given mounting pressures on the country's lending institutions to lower their risks and increase their reserves, it is not expected that the trend of increasing deposit requirements will change for some time.

"First-time buyers may find it easier to prioritise debt repayments and savings to enable them to buy. BetterLife Home Loans statistics show that in May the average first-time buyer house price was R724 000, and the average percentage of purchase price required was just R86 000 or 12% of the purchase price.

Consequently, says Rademeyer, first-time purchases as a percentage of the total are not expected to fall far from the current 46% level in the coming months. "We do, however, foresee that the average home price may stall and even decline as the higher deposit requirements at the top end of the market cause many repeat buyers not to upgrade but to downsize and opt for smaller and less expensive homes."

The BetterLife Home Loans statistics represent 25% of all residential mortgage bonds being registered in the Deeds Office. ■

Millennials – the next wave of homebuyers

Millennials are the next big group of homebuyers and it's important that the residential market understands where and how these young people prefer to live.

Rawson Property Group Managing Director, Tony Clarke says, "This generation of millenial buyers – currently in its 20s and early 30s – has very different ideas about what makes a perfect home compared to previous generations such as Baby Boomers and Generation X buyers."

A major study by global research company Nielsen, in 2014, found that 62% of Millennials would prefer to live in mixed-use, live-work-play communities, in an urban centre where they can walk to work, shops and restaurants.

"Indeed, the survey revealed that Millennials are currently already living in urban areas at a higher rate than any other previous generation. Almost 40% of them are not planning to leave the city and relocate to the suburbs in the future," says Clarke.

But, while they may not be keen on the suburbs, a large number of Millennials like the idea of living in small country towns – provided everything they need is within walking distance and there is cell phone and internet connectivity.

It is not surprising that most of these busy people prefer smaller homes that require less upkeep. "What is interesting is that they generally don't like cookie-cutter apartments, townhouses, or clusters that all have the same floorplan. Millennials lead technology-driven lives and expect green features such as additional insulation, energy-efficient windows, solar panels and rain tanks."

When it comes to the floorplan, several construction surveys show that Millennial buyers prefer homes with an open layout for entertaining and outdoor spaces like patios, decks and balconies to extend their living areas. "And finally, the research shows that they generally prefer neutral colours and clean architectural lines that won't date, lots of light and durable, unfussy finishes," concludes Clarke. ■

A moving target of 1,7 million houses by 2019

Government has set itself a target of six million houses and housing opportunities by 2019, building on from the 4,3 million already built since the new democracy.

President Jacob Zuma made the declaration recently during a visit to the Vulindlela Rural Enhanced People's Housing Process (EPHP) in Taylors Halt, near Pietermaritzburg.

He said, "We have delivered 4,3 million houses and decent accommodation since 1994 and this has benefited about 20 million people," adding that the current administration will continue working towards improving the lives of rural communities.

"We will continue to build houses that are beautiful, which have water and electricity." He encouraged those who had not yet received homes to remain patient.

The R2,1 billion Vulindlela EPHP aims to deliver 25 000 better human settlements. The project is based on community contributions, partnerships and leveraging of additional resources.

Almost 13 community owned co-operatives have been established so far. The cooperatives own concrete block-making facilities, quarry and construction supply chain manufacturing firms. On the quarry site, the South African Bureau of Standards approved concrete block-making facility produces approximately 6 000 blocks per day.

The mega project has created 2 000 full-time jobs and includes a skills construction programme.

The President and KwaZulu-Natal Human Settlements MEC, Ravi Pillay, said that the flagship mega project was made possible through assistance from government, the Amakhosi and the community all working together.

Pillay said that 12 300 houses had already been completed and a further 3 700 were under construction. He added that ordinary people had become skilled in manufacturing bricks, doors and windows.

During the construction phase, local community members employed on the project generated R6 million per month and this would improve the local economy. Government, Pillay said, was already thinking of ways to sustain skills and capacity, as well as to provide economic development when the project ends in 2018.

The Vulindlela EPHP was approved in the 2011/12 financial year. The Department of Human Settlements says the project covers nine wards spread over 24 455 ha of land and accommodated 136 615 residents. ■

US housing recovery strengthens

The United States national housing market has now regained enough momentum to provide an engine of growth for the US economy, according to the latest Harvard State of the Nation's Housing report released recently by the Joint Centre for Housing Studies.

The state of the American housing market tends to mirror the South Africa's long road to economic wellbeing in the residential low cost market.

In the United States, robust rental demand continues to drive the housing expansion, and sales, prices, and new construction of single-family homes are on the rise. Even more important, income growth has picked up, particularly among the huge millennial population that is poised to form millions of new households over the coming decade. At the same time, however, several obstacles continue to hamper the housing recovery — in particular, the lingering pressures on homeownership, the eroding affordability of rental housing, and the growing concentration of poverty.

The American home ownership rate has been on an unprecedented 10-year downward trend, sliding to 63,7% in 2015. Chris Herbert, Managing Director of Harvard's Joint Centre for Housing Studies, notes, "Tight mortgage credit, the decade-long fall-off in incomes that is only now ending, and a limited supply of homes for sale are all keeping households — especially first-time buyers — on the side lines. And even though a rebound in home prices has helped to reduce the number of underwater owners, the large backlog of defaults is still a serious drag on homeownership."

As these lingering effects of the housing crash fade, homeownership may regain some lost ground, but how soon and how much are open to question.

Moreover, the report finds that income inequality increased over the past decade, with households earning under US$25 000 accounting for nearly 45% of the net growth in US households in 2005 – 2015. For low income earning under US$15 000 per year Herbert says, "The question is not so much whether families will want to buy homes in the future, but whether they will be able to do so."

Mirroring the persistent weakness on the owner-occupied side is the equally long surge in rental housing demand, with increases across all age groups, income levels, and household types. With vacancy rates down sharply and rents climbing, multifamily construction is booming across the country. But with strong growth among high-income renters, so far most of this new housing is intended for the upper end of the market, with rents well out of reach of the typical tenants earning less than US$35,000 a year. There is a widening gap between market-rate rentals and the amount that households can afford (30% of household income), the number of cost-burdened tenants hit 21,3 million in 2014. Even worse, 11,4 million of these households paid more than half their incomes for housing, a record high.

'Rental options in the United States are increasingly common among moderate-income households, especially in the nation's 10 highest-cost housing markets'

The report shows that rental options are increasingly common among moderate-income households, especially in the nation's 10 highest-cost housing markets, where 75% of tenants earn between US$30 000 to US$45 000 and half of those paid at least 30% of their income for housing in 2014.

Cost burdens are common among the nation's lowest-income households. Federal assistance reaches only a quarter of those who qualify, leaving nearly 14 million households to find housing in the private sector where low-cost units are increasingly scarce.

Low-income households with cost burdens face higher rates of housing instability and more often settle for poor quality housing and have to sacrifice other needs, such as nutrition, health and safety, to pay for their housing.

These conditions have serious long-term consequences, according to Daniel McCue, a senior research associate at the Joint Centre, "Residential segregation by income has increased, between 2000 and 2014. The number of people living in poor neighbourhoods on the poverty line has more than doubled to 13,7 million."

The report notes that a lack of a strong federal response to the affordability crisis has left the state and local governments struggling to expand rental assistance, and promote construction of affordable housing. This includes housing opportunities close to amenities such as schools and employment opportunities and inclusionary zoning.

But as Herbert added, "These efforts are falling far short of meeting the need. Policymakers at all levels of government need to take stock of what can and should be done to expand access to good-quality, affordable housing that is central to the current well-being and potential contribution of each and every individual."

The report was funded by the Ford Foundation and the Policy Advisory Board of the Joint Centre for Housing Studies. ■

RESIDENTIAL BUILDING STATS

Residential building activity in the South African market for new housing remained relatively subdued in the first four months of 2016, compared with a year ago.

In the planning phase all three segments of housing showed a contraction on a year-on-year basis up to April, whereas the construction phase recorded some growth on the back of a still relatively strong performance by one of the housing segments. These trends are based on data published by Statistics South Africa in respect of building activity related to private sector-financed housing.

According to Jacques du Toit, Property Analyst, Absa Home Loans, "The number of new housing units for which building plans were approved dropped by almost 5% year-on-year (y/y), or 884 units, to 17 561 units in the period January to April this year."

He says, "Apartments and townhouses contracted by almost 10% y/y over this four-month period, with April showing a sharp drop of 42,1% y/y. The volume of new housing units completed increased by 6,1% y/y to 12 190 units in the four months up to April, with apartments and townhouses showing growth of 35% y/y to 4 100 units over this period."

However, the number of units reported as completed in this category contracted by 24,6% y/y to only 595 units in April, which was the second consecutive month of a relatively sharp year-on-year decline. February this year saw very strong growth of around 168% y/y.

The extreme volatility in year-on-year growth in the construction phase of apartments and townhouses might be related to the timing of such housing developments completed and/or reporting issues. The real value of plans approved for new residential buildings increased to R12,43 billion in the first four months of 2016, up by 2,9% y/y from R12,09 billion last year.

The real value of new residential buildings amounted to R7,27 billion in January to April this year, showing growth of only 1,8% y/y, or R130 million, compared to R7,14 billion a year ago.

The average cost of new housing built increased by 8,4% y/y averaging R6 404 per m^2, in the first four months of the year, compared to R5 910 per m^2 last year. The average building cost per m^2 in the three residential categories from January to April 2016:

- Small houses of 80 m^2 R4 182 per m^2 (9,6% y/y)
- Medium houses over 80 m^2 R6 504 per m^2 (5,0% y/y)
- Apartments and townhouses R7 386 per m^2 (9,0% y/y)

Residential building activity is forecast to remain largely subdued in the rest of the year, against the background of increasingly tough economic conditions impacting household finances and consumer and building confidence. ■

Residential building activity by province[1]

Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Building plans approved												
Total new houses, flats and townhouses	Jan-Apr 15	Number	5 234	798	50	1 085	937	1 496	7 137	1 160	548	18 445
	January - April 2016	Number	5 212	646	122	614	1 639	663	7 313	1 051	301	17 561
		% change	-0.4	-19.0	144.0	-43.4	74.9	-55.7	2.5	-9.4	-45.1	-4.8
		% of SA	29.7	3.7	0.7	3.5	9.3	3.8	41.6	6.0	1.7	100.0
Alterations and additions to existing houses	Jan-Apr 15	m^2	301 065	102 519	17 528	49 770	103 976	45 897	253 540	70 266	16 792	961 353
	January - April 2016	m^2	247 814	71 250	16 312	50 675	111 486	45 010	315 827	52 582	19 775	930 731
		% change	-17.7	-30.5	-6.9	1.8	7.2	-1.9	24.0	-25.2	17.8	-3.2
		% of SA	26.6	7.7	1.8	5.4	12.0	4.8	33.9	5.6	2.1	100.0
Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Apr 15	Number	2 855	615	186	813	600	657	4 801	813	154	11 494
	January - April 2016	Number	2 843	482	20	1 033	506	848	5 469	738	251	12 190
		% change	-0.4	-21.6	-89.2	27.1	-15.7	29.1	13.9	-9.2	63.0	6.1
		% of SA	23.3	4.0	0.2	8.5	4.2	7.0	44.9	6.1	2.1	100.0
Alterations and additions to existing houses	Jan-Apr 15	m^2	153 036	35 466	6 746	7 168	39 091	29 406	59 026	36 076	951	366 966
	January - April 2016	m^2	149 270	17 091	13 865	10 681	51 357	43 606	74 420	22 378	2 593	385 261
		% change	-2.5	-51.8	105.5	48.6	31.4	48.3	26.1	-38.0	172.7	5.0
		% of SA	38.7	4.4	3.6	2.8	13.3	11.3	19.3	5.8	0.7	100.0

[1] Private-sector financed

Source: Stats SA

CSIR MODEL SUPPORTS MUNICIPALITIES WASTE RECYCLING

The Council for Scientific and Industrial Research (CSIR) has developed a recycling waste model to assist municipalities assess the costs and benefits of different options for waste separation at source.

Waste recycling at source is an important way to develop job creation, a cleaner environment and economic growth. The model currently focuses on separate collection of recyclable packaging waste from the residential sector.

Anton Nahman, a CSIR senior resource economist, says that future plans will incorporate other waste streams including organics and industry waste, as well as incorporating the informal sector in the collection and alternative options for processing waste.

Nahman adds, "The model currently has a spreadsheet-interface, although a more user-friendly web-based one is being developed. The next step includes one-on-one testing with a number of municipalities participating in case studies, in order to obtain an understanding of the effectiveness of the model in practice and the accuracy of the results.

Separation at source is critical to the growth of the recycling industry, and development of a 'green economy' in South Africa.

The National Waste Management Strategy sets targets for all metropolitan municipalities, secondary cities and large towns to initiate separation at source programmes. These programmes require a collection system that is able to keep the separated recyclables separate from other waste. However, current collection systems are often unable to separate collection of recyclables, and need to be adapted.

Nahman says there are a number of different options for implementing separation at source, and accompanying collection systems. "These range from relatively low tech inexpensive options such as using a truck and trailer, to a more costly, high tech approach such as using separate vehicles or split-compartment vehicles. Each option differs in terms of the financial, social and environmental implications.

Options also differ from one municipality to another, depending on the volumes and types of waste generated; the current waste collection system; the size of the municipality; and a number of other factors. It may even differ in other areas within the same municipality."

Working out the costs and benefits of each option can be complicated. The CSIR model assists municipalities to identify the most appropriate option in their particular context.

"And, calculates the costs and benefits of each option, for all municipalities in South Africa," says Nahman. "It provides guidance on how separated recyclables should be collected, for example, should the municipality use separate vehicles, split-compartment vehicles, or truck-and-trailers."

The model contains data on each suburb for every municipality in the country, thereby allowing for detailed suburb-specific costing of kerbside collection of separated waste material.

"The model also allows users to override the default data and input their own information," says Nahman.

It compares these separate collection methods with a 'post-separation' option, in which households do not need to separate their waste at all. Instead, the waste is collected as normal and then separated at a 'dirty' materials recovery facility. The model also takes into account the costs of this type of facility, as opposed to a 'clean' facility, which would be used in the case where recyclables are pre-separated by households.

The model is being expanded to take into account the social and environmental implications of each option, in addition to financial costs and benefits. Municipalities will be able to identify the most appropriate option from an integrated social, economic and environmental perspective.

Nahman concludes, "We hope that this model will also provide useful information to other industries who have partial or full financial and operational responsibility for source separation, under the planned new Extended Producer Responsibility schemes. ■

SOURCING FLISP SUBSIDIES

Many current new home owners are unaware that first time home buyers may qualify for a housing subsidy under the Finance Linked Individual Subsidy Plan (FLISP) grant.

According to Meyer de Waal, CEO of Rent2Buy, "If new home owners do not investigate and make use of the opportunity, they could be losing thousands of rands by not claiming the FLISP subsidy, as well as reducing their bond repayment and bond term."

The government subsidy is aimed at assisting first time home owners to buy their own homes. It is available to home buyers who earn between R3 501 – R15 000 per month. This is provided that the home loan has been approved and new home owners must apply for the assistance within 12 months of taking ownership.

The minimum FLISP subsidy is R20 000 and if such subsidy is paid towards a bond of R500 000 as a 'once-off' payment, the home owners can save up to R100 000 and reduce his/her bond repayment from 20 years to almost 18 years. This saving equates to two years of bond repayments.

Similarly, a subsidy of R40 000 awarded to a qualifying home owner with an income of R11 700 per month, who may qualify for a home loan of R400 000 can save more than R170 000 on bond repayments. This will reduce the bond repayment term from 20 years to 15 ½ years.

The maximum purchase price of R300 000 has changed since 1 April 2014, yet few existing home owners are aware of this opportunity to claim their FLISP subsidy.

The FLISP subsidy also benefits the commercial banks as it reduces the debt risk for a bank, by reducing the loan to value ratio. "We suggest that clients approach their banks to reconsider and reduce the interest rate that is applicable to a home loan, once the FLISP subsidy is paid into their home loan account," says Vern Pugin, who made an intensive study of government assistance over the past few years and realised that home owners need to be assisted and informed about their rights to obtain FLISP subsidies. This research has been shared at various workshops with property developers, estate agents, home buyers and home owners.

FLISP subsidies are available to pre-qualified property developments and to obtain such approval, property developers need to submit their application in advance to the Department of Human Settlements.

The FLISP subsidy is not limited to property developments only; the grant is available to the open market for all first time buyers as well. Any type of residential property can be bought, whether it is a plot and plan, a new house, or a property with an existing house on it, as long as the applicant has pre-qualified for a home loan, when submitting the application for the FLISP subsidy. Applicants will have to meet the qualifying criteria.

Pugin realised that home ownership education plays a vital role in creating sustainable home ownership and teamed up with Meyer de Waal, who developed the Rent2Buy concept. Home ownership education forms a vital part of their educational module. With Rent2buy, aspiring home owners will first rent the home they want to buy, should they not meet the strict requirements of a mortgage from the commercial banking sector. In the meantime potential home owners can secure the property with the Rent2Buy agreement. This will give them the time and opportunity to improve their credit rating and affordability, to save a deposit and enhance their chances to apply for a home loan, which can sometimes take between 12 to 18 months.

Pugin says that such opportunities will allow the processing of FLISP subsidy application to process much faster as by the end of the rent2buy period, all the required FLISP documentation will be ready and available for processing.

For more information go to www.flisp.co.za ■

Low house price growth

May 2016 saw year-on-year growth in the average nominal value of middle-segment homes in the South African residential property market, slowing down from April.

Real price trends are important from a property investment perspective, as investors want to determine that their investments beat inflation. Trends in home values are according to Absa's house price indices.

According to Jacques du Toit, Absa Home Loans, Property Analyst, year-on-year nominal price growth of 5,7% recorded in middle-segment housing in May was slightly down from 6,1% in April. Year-to-date price growth till May was 6%.

Current trends in house prices are as a result of financial pressure experienced by homebuyers on the back of tough macroeconomic conditions.

The average nominal value of homes in each of the middle-segment categories was as follows in May 2016:

- Small homes 80 m^2 - 40m^2 averages R947 000
- Medium-sized homes 141 m^2 - 220 m^2 averages R1 282 000
- Large homes 221 m^2 - 400 m^2 averages R2 010 000

Current trends and prospects for the economy in the household sector will impact the performance of the residential property market and property price growth.

The economy contracted by 1,2% quarter-on-quarter and 0,2% y/y, measured by production, in the first three months of 2016. This has increased the risk of a recession, after two consecutive quarters of a contraction in gross domestic product. Continued inflationary pressures and higher interest rates towards year-end will further erode consumers' purchasing power. This will result in low consumer confidence and subdued growth in consumption expenditure and credit extension. Against this background consumer credit-risk profiles and financial vulnerability, credit providers' risk appetites and lending criteria may change. ■

THE EDGE

It has been said that Africa is not a uniform place in which every country and every market conforms to the same rules and circumstances.

South African-based Messaris Wapenaar Cole Architects (MCWA) says that the willingness of seasoned professionals to work collaboratively, makes a significant difference to doing business in other African countries.

This is evident in the firm's latest project in Kampala, Uganda, The Edge, a sizeable new residential development comprises 160 units in Naayla, and is being developed by Ascent Point Investments, a Ugandan property development company.

MWCA secured the project based on its extensive experience in high density residential architecture, with the firm having been referred to Ascent Point Investments by one of its long-standing South African clients, Limestone Properties. Its track record of successfully completing projects in a variety of African countries was an additional contributing factor.

Some of the design ideas and systems could benefit the mammoth number of Catalytic Projects being rolled out around South Africa by government in the next decade.

Architect Jeffrey Cole, who has been overseeing The Edge project, says that the success of every aspect of the design has been as a result of the willingness to learn about the cultural, lifestyle requirements, business and operating environment, social, environmental and infrastructural conditions, which inform the process.

'The complex is fully equipped to provide backup power and water to all units. Since power supply can be unreliable, each unit has the ability to be fitted with an inverter.'

"Our design initially followed a fairly typical South African model, which is the one we know best and therefore served as a point of departure for the design process," he explains. "We then spent a great deal of time with the client discussing how aspects of the Ugandan culture and way of living needed to be accommodated in the design."

He cites an example, Ugandans tend to be extremely private people and issues of privacy and visibility are of much greater concern than they are to the average South African. Aspects such as common walkways, lines of sight, the creation of multiple and discreet entry and exit points from units all had to be considered.

In addition, most people in Uganda still do a great deal of cooking outside. Matoke – a variety of starchy banana – is a commonly eaten dish in East Africa and is generally cooked by steaming over a charcoal or wood fire – an activity which most often takes place outside. This means that every unit in

The Edge requires a fair-sized courtyard area in which residents can cook. Since the process tends to generate a lot of waste material, it was necessary to provide a waste area for every block in the complex, rather than just one for the entire complex.

"The client, Henry Lubwama, wanted to develop something special on the site," says Cole. There is not much in the way of original development in Kampala at the moment. There is a great deal of replication, and residential complexes tend not to be well planned or to accommodate Ugandan lifestyles."

The development consists of three residential blocks and a clubhouse. Amenities include a children's playground and jogging track as well as an entertainment area. The residential blocks are between four and six storeys in height, and are served by elevators.

"The client has undertaken to improve the road to the complex at his own expense. This includes surfacing the roads (which are otherwise dirt), managing storm water runoff, and planting pavements. Unlike in South Africa, this is not expected of developers in Uganda," says Cole.

The Edge has been designed to appeal to the young and middle class market. Furthermore, the complex is fully equipped to provide backup power and water to all units. Since power supply can be unreliable, each unit has the ability to be fitted with an inverter. Water tanks installed around the complex are able to provide 1 200 litres of water a day to each household for three full days in the event of a water supply problem. The team even had to provide for proper sewage disposal from the site, which has been done by means of sharing a properly designed mini sewage treatment plant with a neighbouring development.

'Water tanks installed around the complex are able to provide 1 200 litres of water a day to each household for three full days in the event of a water supply problem.'

Whilst MWCA has undertaken all the conceptual and design work on The Edge, the full professional team in Uganda also includes a local architect of record, as required by law. This architectural firm, SASA, headed by Dr Kenneth Ssemwogerere, is actively involved in daily site management. Cole reports that the working process as a team has been smooth, comfortable and collaborative. "We have had many workshop sessions together to ensure that everyone is able to implement best practices and to work optimally as a team," he says.

One of the aspects of the job, which has needed more attention than usual, has been the development of generic specification documents for the contractor to work from. "Uganda doesn't currently have legislated building codes, although the authorities are working on implementing something in the near future. However, based on our experience in Africa, we are familiar with the process of generating functional and performance-based specification documents, which are largely based on British or European standards. For example, rather than specifying a branded product, the specification needs to describe how the product must perform and what materials it must be made of," he elaborates.

While projects such as this may not afford architects from South Africa the comfort of the familiar systems and formulas, MWCA's philosophy is that adaptability, flexibility and the willingness to learn ultimately make for a stronger practice all round.

He says that old and accepted ideas can be challenged, "whilst everyone involved in a project has the opportunity to broaden their knowledge." It is clear that this approach, combined with the firm's long-established reputation in the residential market has served it well. While The Edge is progressing smoothly, the company has since been appointed by the same client to undertake another residential development near Lake Victoria.

MWCA has positioned itself well to be able to take on a wide variety of work for a range of clients in different sectors. The company is now at a size where it is willing and able to take on projects large and small and retain relationships with long-standing clients. ■

DECLINE IN MORTGAGE LENDING

The South African Reserve Bank has reported that slow growth in the residential sector has changed to a decline in mortgage lending, in residential and non-residential sectors, during the first quarter of 2016.

FNB Household and Property Sector Strategist, John Loos, says that the Reserve Bank data showed a significant drop year-on-year.

A holiday weekend in March may have made some difference to the level of loans processed, but some decline has nevertheless been anticipated for some time.

The June 2016 SARB (Reserve Bank) Quarterly Bulletin showed the value of new mortgage loans granted (Residential, Commercial and Farms) to have declined by -14,57%. This is significantly slower compared with positive growth of +15,2% year-on-year, in the previous quarter. This shows a significant turnaround since the 50,2% year-on-year, high reached in the first quarter of 2014.

The value of residential mortgages granted declined by -13,8% year-on-year, while that of commercial mortgages declined by -14,9% in the same period. Both these sectors' negative growth rates reflect a significant slowing on the prior quarter's positive growth.

The Residential Market is arguably the 'leading sector', with home loan applicants responding more swiftly to economic or interest rate changes. This market has responded to rising interest rates since early-2014, as well as the previous four years of deteriorating economic growth.

Loos says, "The FNB Estate Agent Survey's Residential Activity Rating had been pointing towards a slowdown in residential mortgage growth for some time. We utilise this Activity Rating as a 'leading indicator', with its year-on-year growth peaks, leading new mortgage lending growth peaks by as much as three or four quarters.

After the Residential Activity Rating's year-on-year growth last peaked in the third quarter of 2014, it steadily slowed into negative growth territory by the second quarter of last year, and has remained in negative territory since.

Examining mortgage loans granted on existing buildings versus vacant land and construction, all three categories dipped into negative territory during the first quarter of 2016.

The largest decline was in vacant land as values dropped by -23% year-on-year, in the first quarter. The vacant land segment is normally the most cyclical, so this should not be surprising as interest rates rise and the economy shows weakness.

By comparison, the value of Mortgage Loans Granted for construction and existing buildings declined by 11%, and 14,85% year-on-year respectively.

The broad slowdown more-or-less coincided with the onset of interest rate hiking in early 2014.

Loos adds, "First quarter Real Gross Domestic Product (GDP) contraction and rise in interest rates suggests that further decline in the value of new mortgage lending is likely in the near term."

On the non-residential side, too, almost-recessionary conditions are unlikely to boost demand growth for commercial mortgage loans. ■

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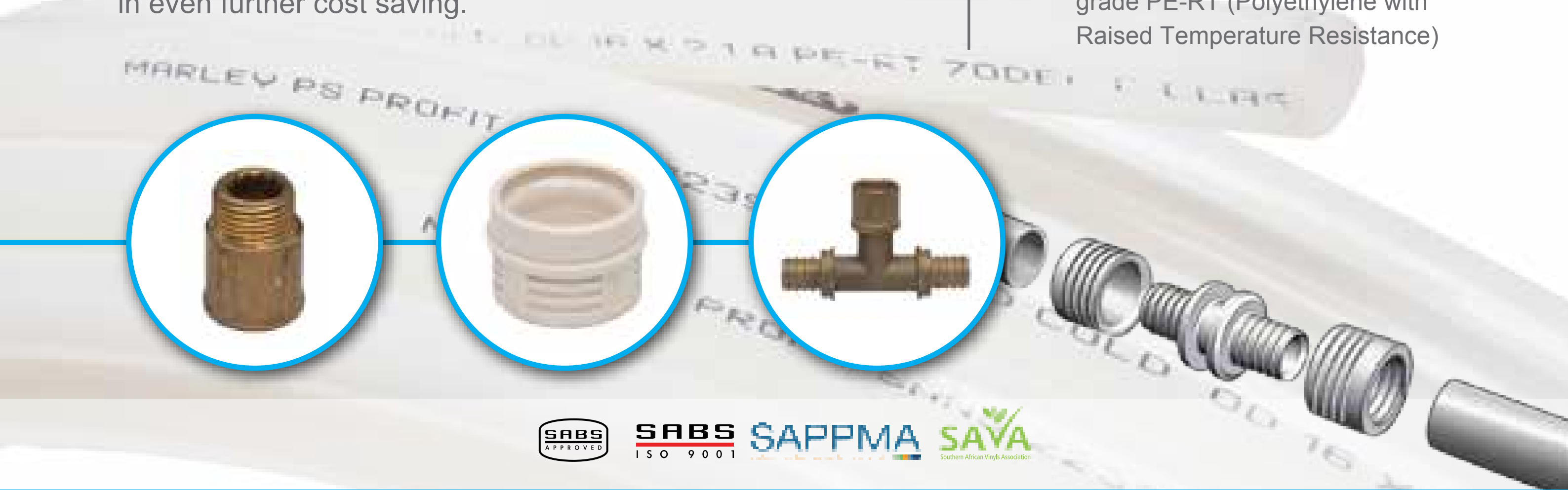

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Reaching new heights

Pro-Fit Hot and Cold Water System

In recent years, the City of Joburg has been on a drive to regenerate its inner city to better accommodate its current and future residents.

As part of this huge regeneration strategy, a number of old and dilapidated high rise buildings are being completely stripped and converted into residential apartments in areas such as Braamfontein, Joubert Park, Yeoville and Doornfontein. During construction, there were a number of factors that would influence the successful completion of each and every project, one of which was the choice of plumbing system. Operating in areas where the crime rate is high, copper parts had to be ruled out due to theft risks on site.

Marley Pipe Systems offered a winning plumbing solution in the inner city. The company was initially involved in the conversion of a 17-storey building and installed Pro-Fit. The product helped to reduce risks by offering a polymer-based range of products for multi-storey buildings instead of copper.

The success of this particular project led them to secure a contract for the next building to be renovated, a 29-storey block that would provide 450 apartments, 16 units per storey.

Providing hot and cold water to the upper floors of high rise buildings like this is a fundamental requirement and the main challenge for plumbing system engineers, who must consider a number of variables such as available municipal water pressure, flow demand, pipe and valve materials, riser locations, pressure regulating stations not to mention economics and even acoustics. Requirements included safe and reliable hot and cold water plumbing solution; quick and hassle-free installation and maintenance; a system that would satisfy the end users.

For the project, Pro-fit was used as part of a fusion PPR (Polypropylene Random) plastic piping system to supply water throughout the building. The lower storeys are supplied directly from the pressure in the public water main, while the upper storeys are supplied from pressure-boosted main risers through a pressure reduction valve for each group.

PE (Polyethylene) has been widely used for the safe transport of potable water for more than 35 years with no harmful leaching of elements into the supply line. Added to this track record, the Pro-fit system is Joint Acceptance Scheme for Water Installation (JASWIC) approved and has been tested and rated in accordance with SANS ISO22391 for hot and cold water supply systems. The ingenuity in design and material properties of the system offered many benefits for the project: ease of installation; increased reliability; reduced costs; reduced noise levels; and no scrap value.

According to Marley working on big projects like this one is never just about the sale, it's about ensuring sustainable installations that add value to everyone it touches.

To this end, Marley was closely involved in the project to make sure that contractors and installers had access to expert advice at all times. This included the provision of training to each project team to help familiarise them with the product so that they would be comfortable using it. On-site technicians were also available to provide fault-finding support for any installation troubles that were encountered.

Although the project is still in progress, the installations have demonstrated the Pro-fit system's powerful capabilities. The contractors were impressed by the ease of use, hassle-free operation and cost-effectiveness of the system, as well as the value-added service that was provided. www.marleypipesystems.co.za ■

NATIONAL HOUSING FINANCE CORPORATION SOC LTD.

20th Anniversary

NHFC LEADERSHIP

The National Housing Finance Corporation has disbursed R7,1 billion, leveraged R19 billion, and created 477 000 housing opportunities in the past 20 years and currently has a loan book of R3,4 billion. This is a formidable achievement in unlocking housing development, providing social and private, inner city rental housing, by taking risks where others feared to tread, while remaining profitable and sustainable.

Samson Moraba

The NHFC is embedded in the fabric of human settlements and this year the government's key development finance institution celebrates its 20th anniversary. It has a well-respected board under Chair Professor Michael Katz and CEO Samson Moraba, who have led the NHFC for the past 16 years. This is a long time in any business but to head the NHFC and outlast most CEOs and Chairs at a state owned entity is commendable. Moraba shares insights and the history of the formation of the NHFC; the highlights as well as the tough times.

The social housing sector development was initiated and supported, by the NHFC and since 1998 the state-owned entity has offered favourable terms to encourage social housing institutions to deliver social rental housing for the low income sector earning between R1 500 and R7 500 per month.

A number of inner city housing specialists received their first breakthrough and funding opportunities from the NHFC, and many are now renowned housing providers with sizeable housing stock.

The formation of funders such as the Trust for Urban Housing Finance, a flagship project created and initially funded by the NHFC, offers ordinary people keen to develop inner city housing the opportunity to convert dilapidated, hi-jacked or commercial buildings and contribute to inner city regeneration

The NHFC has proven to the commercial banking sector that social housing can be a worthwhile investment, provided there are projects of scale, and has also successfully changed perceptions over the years about the inner city as a no-go area.

Housing Forum

In 1994, the Botshabelo Accord

ACHIEVEMENTS

AND SUCCESSES

brought together all stakeholders under Joe Slovo, the first Minister of Housing in the new democracy, to address the backlog of housing with banks.

From this first meeting the Housing Forum was also created, comprising practitioners and participants from identified segments of the housing markets that were not being adequately served. As a consequence, government decided to establish agencies to close the gap in this 'market failure'. The National Urban Reconstruction and Housing Agency (Nurcha) was founded in 1995, and the NHFC in the following year.

Moraba says the vision at that time was to seek new and better ways to mobilise financing for the low to middle income markets. Government's role was to address this 'market failure' that the private sector was not serving. "Our role, though complementary to the private sector, was to take a greater risk and to develop markets where there was 'market failure'."

The Board

Industry heavyweights, renowned business and professional leaders, such as Eric Molobi and Prof Michael Katz, Nedbank's Richard Laubscher, Dr Ian Goldin, CEO of the Development Bank of South Africa, Sizwe Tati, CEO of Khula Enterprise and other board members from NGOs and the public sector, worked together to create a self-sustaining development finance institution. "We effectively

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had to run a business in such a way that we earned a margin without having to go back to government for fiscal allocation. That is why there would always be in depth engagements at Board level seeking to balance developmental and sustainability imperatives of the NHFC," says Moraba.

Chairperson Eric Molobi was appointed by Joe Slovo

NHFC's First Steps

In 1996, the National Housing Finance Corporation was established with four key divisions:

- Niche Market Lenders – debt funding to intermediaries
- Housing Equity Fund – providing technical assistance and start-up capital for new and pilot ventures
- Housing Institutions Development Fund – providing development capital to viable start-up social housing institutions
- Rural Housing Loan Fund – to enable low and medium income households in rural areas to maximise housing by providing loans for building and renovations

The Challenges

The lowest end of the market was being served by government's provision of delivering a fully subsidised Reconstruction and Development Programme (RDP). But, low to moderate income earners, whether formally or informally employed, could not access housing credit. Recognising this gap in the market the NHFC was tasked with finding new ways to mobilise and broaden access to housing finance.

It was widely accepted that not everyone was able or keen to buy a house and, increasingly, low income families were opting to rent. A number of initiatives were implemented to establish alternative lending institutions, and this contributed to the growth of non-banking retail financial intermediaries. Another challenge facing the corporation was its inability to influence pricing by its retail intermediaries on loans to the end user, at a time when interest rate levels were at their highest. With the rapid growth of the micro finance sector, there was a need for appropriate regulation.

As use of micro finance instruments for housing credit grew, so did the number of institutions it funded. The risk exposure also grew significantly and needed to be managed more vigorously.

NHFC Initiatives

The NHFC facilitated the creation of the Social Housing Foundation in December 1997. The Housing Institutions Development Fund (HIDF) was designed to provide capital at below market rates to establish viable start-up social housing institutions.

Gateway Home Loans was established in 1998, as a wholly-owned subsidiary of NHFC, to deliver housing at scale in the Gap market for homes between R25 000 and R60 000, and

to promote the secondary home loan market process in the low income housing sector.

The Presidential Job Summit Pilot Project held in October 1998 identified the need for a National Presidential Lead Project (NPLP) on rental housing at sufficient scale to pilot mass housing delivery and alternative forms of tenure. The pilot project would provide a minimum of 50 000 units and a maximum of 150 000 houses. This included 75% permanent rental units and 25% for ownership.

A partnership between government, the private sector, the Department of Housing, National Treasury, the Banking Council of South Africa, Labour and the NHFC would roll out 15 000 units to be developed in Durban, Witbank and Johannesburg.

In 2002, the NHFC was also appointed the project manager of the Pilot Project.

In the first three years of business, the NHFC increased its presence in the low and middle income sectors. However, the biggest part of its portfolio was over 119 000 unsecured loans through Niche Market Lenders (NML), a micro finance vehicle and the Rural Housing Loan Fund (RHLF). NML advanced a credit facility to retail lending institutions that targeted the affordable housing market. The thrust of the NML fund shifted from a home improvement focus to ensuring that people without homes were enabled to acquire houses, either by purchasing an existing home or building a new one.

The corporation undertook the mammoth task of researching housing finance to Unblocking Finance for Affordable Housing in South Africa (UNFAH) and expose issues that could be verified, and create an understanding of the nature and scope of the problems that impeded the housing finance process. The first empirical national study findings altered the way in which the NHFC did business and three new product streams emerged. NHFC's Alternative Tenure Division provided project finance to emerging and sustainable social housing institutions, in order to develop tenure options other than immediate ownership.

The Home Ownership Division funded intermediaries to facilitate ownership of affordable housing in the low and medium income housing markets. The Incremental Housing Division funded niche lenders, who assisted low and medium income households to buy land, renovate existing homes, or top-up their capital subsidy with credit. Recognising the importance of accurate, reliable data and information, the NHFC also established a Policy and Research Unit. In addition, the Rural Housing Loan Fund and the Social Housing Foundation left the NHFC stable to operate independently.

Adapting to Market Needs

Not immune to changes in the marketplace, in 2001 the NHFC restructured its business to achieve a number of objectives. The state-owned entity aggressively stimulated the low income primary market by increasing risk appetite. This significantly influenced retail intermediaries to create a continuum of housing finance options to meet the needs of low income households and beneficiaries.

The corporation consolidated funding, streamlined operations, focused on delivery, facilitated a single-entry point for clients, and enabled the creation and development of specialist providers with end-to-end housing finance options. These solutions included: Home Ownership – NHFC's on and off Balance Sheet funding; Incremental Housing - urban renewal and housing infrastructure; and Alternative Tenure – social, rental housing and tenure options supporting urban renewal strategy and community integration.

Highlights

The NHFC deserves the credit for pioneering and financing social housing in South Africa. The state's leading development finance arm in Human Settlements was called on to be a market maker, whether in social housing or inner city housing. Moraba states: "We will always take the greater risk, where the private sector is risk averse. It needs someone to test the market, we go in first – that is why government is an enabler. We crowd in private sector, not crowd out."

Partnering with Implats on the Boitekong Project, a public private partnership with mining giant Implats, the NHFC provided end user finance to 2 000 employees and won the South African Housing

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Foundation's Project of the Year Award and many accolades.

Extending NHFC's reach through partnerships and joint ventures such as inner city financing through the Trust for Urban Housing Finance (TUHF), facilitated through Housing Investment Partners (HIP), has increased NHFC's national reach and driven social change and a 2009 partnership and home ownership, respectively. NHFC's stake in TUHF has reaped dividends for the state-owned DFI and has enabled TUHF to finance over R4 billion in inner city residential rental properties, finance 360 entrepreneurs and delivered 34 500 units.

Strategic Partnerships

In 2009, the NHFC forged Strategic Partnerships with Old Mutual Capital Holdings. The following year, the French development agency (AFD), signed a 20 million Euros funding deal with NHFC and a year later, concluded a 30 million Euros deal with European Investment Bank, (EIB).

In 2013, the NHFC partnered with International Housing Solutions (IHS) to leverage R10 billion worth of private sector funding to deliver 43 000 housing units, and create 158 000 jobs that will improve the quality of life of 163 400 beneficiaries.

Moraba is proud that for more than 15 years, the NHFC has been a self-sustaining state-owned entity.

"It is rewarding to consider the evolution of the organisation over time in the market changes, the government imperatives, and the way in which we do things today is totally different," says Moraba.

He cites examples of creating mortgage backed securities based on a similar product by American housing giant, Fannie Mae, and piloting a second. The pilot was not a success for NHFC but demonstrated boldness in responding to the then market needs and being innovative by trying something that had never been done before.

The Minister of Human Settlements announced that government was introducing a Mortgage Default Insurance (MDI) and that this would be implemented by the NHFC. The much heralded default insurance would hopefully unlock sustained banking mortgage financing in the affordable housing segment of the market. The MDI aimed at enhancing and expanding housing finance and addressing the constant challenge of affordability and accessibility for the Gap market. "The pilot project feasibility went well but as it was a new intervention in a mortgage market, it required greater participation. Since MDI was neither a banking instrument nor insurance, but a blend of both mortgage and insurance, the banks were concerned about the financial discipline while the insurance companies looked at it from an entirely different perspective. We learned from other developing countries that a product like this can take between eight and ten years to develop," says Moraba.

He adds, "The lesson learnt was not to focus too much, as we did, on the product as a game changer and market intervention, but more on other aspects, like ownership, technical and implementation expertise on such an innovative product."

Moraba explains, "The Finance Linked Individual Subsidy Programme (FLISP) is another product designed to yield dividends in the affordable housing sector by using subsidies to enable the Gap market income earners access homes. The product offers householders earning between R3 500 and R15 000 the opportunity to receive a government subsidy in the affordable housing market and bridge the gap between what the home owner qualifies for in terms of a bond and government provides the shortfall."

Moraba's enthusiasm is infectious. He says: "Firstly, I love what I do. Secondly, the challenge of keeping NHFC going, relevant and growing in the delivery of its mandate, excites me. As a resourceful and courageous person, I like the way we have, over the years in the life of NHFC, thought differently about strategy, innovation and

product offerings, in response to changes in the housing and housing finance markets and in the shareholder priorities. At the same time, I have the humility to accept that some of our risk-taking initiatives have not yielded the desired impact, but have instead been stepping stones and insights

on how to use such experiences to effectively rejuvenate and rediscover better ways to meet the future needs of the target market we serve."

He believes that his long serving tenure is due to a contributing, resilient and supportive Board, whose focused attention was more that of understanding, interpreting and deliberately responding to the mandate imperatives and priorities of the shareholder, instead of the changes in principal (Minister).

He acknowledges and is profoundly grateful to have worked with Eric Molobi, "He was a true leader, who gave himself fully to serve the NHFC and to guide, protect and lead me as the CEO and a friend. His words to me still ring loudly: 'Samson, try always to do the right thing for the people and the company, and everything else will take care of itself'".

Moraba says that he has learned a lot from his fellow Board members, individually and corporately. "It is their contribution and untiring support that has enabled me to lead the NHFC for so many years.

Finally, he says that Prof Michael Katz is enthusiastic, knowledgeable and an effective Board Chairperson, who is passionate about and committed to the NHFC.

NHFC'S

Money makes the world go round. Pouring over financials, profits, losses and interest rate cycles and working with it to create an effective, sustainable development finance institution, are things that the National Housing Finance Corporation, Chair, CEO and Board members, do regularly.

Michael Katz

The NHFC is ably chaired by Professor Michael Katz. His extensive experience in corporate and commercial law, takeovers and acquisitions, and empowerment ventures spans over 40 years.

He has guided, shaped and contributed to the NHFC's success in order to meet government's housing needs and the Minister of Human Settlements' mandate.

The NHFC has proved its worth. Each new Minister has endorsed the hierarchy and continued to work with those appointed by Joe Slovo, first Minister of Housing in the new democracy and Eric Molobi, the NHFC's first Chairperson.

Q: As Chairperson of the NHFC what were the challenges in overseeing government's key development finance institution?

A: From day one, I knew that the role of the NHFC as a Development Finance Institution (DFI) would evolve and be reviewed, as it remains an important and relevant vehicle to address market failure in the segment of the market it served (R1 500 to R 15 000). It had to undertake greater risk to nurture and develop the newly targeted housing market. This also had to be done on a self-sustaining basis, and be complementary, that is 'crowd in the private sector', rather than being competitive.

Q: Did you work with Eric Molobi before taking over the Chair from the iconic housing innovator?

A: Yes I did. We were both appointed in 1996, by Minister Joe Slovo, the first Minister of Housing after 1994.

Q: What are the highlights looking back over NHFC's history?

A: The NHFC was the only housing DFI setup on a self-sustaining basis to serve both urban and rural markets on a national basis.

The corporation piloted the secondary home loan process to create significant housing opportunities, through Gateway Home Loans, a wholly-owned subsidiary. It pioneered and stabilised the financing of Social Rental housing, and helped the development of this sector in South Africa.

The state-owned entity became the largest inner city affordable rental financier, either directly or through its associate company, the Trust for Urban Housing Finance (TUHF).

One notable milestone includes successfully piloting the employee assisted housing scheme in the mining sector with Implats. This led to the delivery of 2 000 units through Home Front. Funding for private and social rental housing increased due to partnerships with multilateral agencies such as the French development agency (AFD) and the

ROLE

European Investment Bank (EIB).

The NHFC pushed the innovation envelope further through strategic partnerships that led to the establishment of Housing Investment Partnership (HiP), offering income-linked home loan products, as well as being a locally credit-rated institution.

Q: What were the challenges for the State-owned DFI?

A:

- Like any DFI, the balancing the developmental mandate, imperative and sustainability of the business over a long term
- Clarity on the mandate imperative and good corporate governance, which for the NHFC, was excellent
- The NHFC's small size balance sheet yielded limited leveraging capacity
- Although continued shareholder funding support became necessary, especially where greater risk had been taken, in NHFC's case, this was after 15 years
- And, retaining good talent as the business evolved and changed.

Q: What were your priorities?

A: To ensure that clarity of the mandate given by shareholder was fully understood and to ensure that I had a good calibre Board to provide oversight to management strategy formulation and execution. In the initial years, it was to create and capacitate new non-banking retail intermediaries to increase the disbursement of loans to the target market.

A further priority was to drive the financing of the social housing sector and inner city affordable rental. This included making sure that NHFC's capacity to significantly leverage the private sector was on the rise, resulting in greater housing delivery from funds outside government.

Q: Did the mandate and the business model change over the years?

A: The NHFC's mandate was updated to align with the Breaking New Ground Strategy of 2004 – 'broader and deeper'. The NHFC Business Model has evolved over time, and is currently almost end-to-end, as it addresses both the demand-side and the supply-side of housing finance delivery. It has also been adopted the prevailing business model in the business case for the Consolidated Human Settlements Development Finance Institution.

Q: What were the most memorable achievements?

A: We have had a number. The ability to be a self-sustaining entity for more than 15 years without seeking any shareholder funding support. Establishing the financing of social housing and inner city affordable rentals on a sustainable basis. Due to NHFC's delivery impact the Innovation Hub in Pretoria was named the Eric Molobi Innovation Hub, after our former Board Chairman.

Another great achievement was successfully piloting an employee housing assistance scheme. Mobilising additional funding for the development of sustainable integrated Human Settlements.

Also in 2003, the NHFC was key in establishing the Trust for Urban Housing Finance, which is a success story, as an extended and profitable delivery vehicle.

Q: What were the most difficult moments in NHFC's history?

A: The unsuccessful Gateway Home Loans Pilot project, with plans to provide 20 000 houses. At the end of the two year pilot programme only 2 500 houses were delivered. The strategic rationale to separate the Rural Housing Loan Fund (RHLF) from the NHFC in 2001. The passing on of the NHFC Chairman Eric Molobi was especially difficult. Returning the Job Summit Funds to National Treasury. Closure of the Home Front – an NHFC Retail Initiative under Breaking New Ground strategy – unfunded mandate. The uncertainty about shareholder funding support almost threatening the on-going status of the NHFC. Failing to pursue the Mortgage Loan Default Insurance (MDI) pilot according to plan.

Q: What would you like to share about the organisation?

A: It has evolved, adapted and remained relevant to the changing environment, both at government policy and priorities, whilst grounded on the financial sustainability level as a Development Finance Institution. NHFC has a distinctive history, great leadership and is rich with memories, experiences and signature processes.

Q: If you could wave the magic wand and do it all again, are there things that you would do differently?

A: There are a few. I would position the NHFC as a Human Settlements Development Finance Institution, with appropriate capitalisation, leading to a robust Balance Sheet, such as that of the Development Bank of South Africa, the Industrial Development Corporation, Land Bank (the DFI Consolidation imperative).

I would have split the NHFC's funding and financing into two streams, to scale and deepen the developmental part through concessional funding support and the commercial part be supported through appropriate capitalisation (some element of cross-subsidisation in new and unknown markets). And I would use the Human Settlements subsidies to greater leverage both the banking and non-banking retail intermediaries to deliver integrated sustainable Human Settlements across the value chain.

Q: Since the initial injection of capital from government what has the NHFC achieved?

A: It has disbursed R7,1 billion and leveraged a further R19 billion. The current loan book is R3,4 billion and the development impact has created 477 000 housing opportunities. The NHFC has assisted 76 developers and entrepreneurs, which include women, youth and BEE entrepreneurs and disbursed R226 million. The NHFC has also created 9 157 job opportunities.

Appointed to the first board of the NHFC by Minister of Housing, Joe Slovo under Chairperson, Eric Molobi, Katz regards his involvement as one of his most important contributions to a new South Africa. He concludes: "I saw housing as vital to South Africa. If you have adequate human settlements, good education, good stable communities, then you have a healthy household. And that is why I stayed on the Board." Since day one, Katz has never been paid a director's fee and serves free of charge.

TUHF – IN THE

Returns for

TUHF Ltd's modern offices in the heart of Braamfontein embody its corporate culture. Upbeat slogans reflect a 'can do' attitude while a pinball machine, couches and delicious coffee offer potential clients a welcoming environment in which to relax before doing business. CEO and co-founder, Paul Jackson, shares TUHF's journey with the NHFC and recalls the people involved from the beginning of its meteoric rise.

TUHF is unashamedly determined to make a profit and meet shareholders' expectations, while helping others to create well-run businesses. With initial funding from the NHFC, it opened its doors for business 13 years ago, and has a proven track record of commercial viability and driving social change in the inner city while simultaneously delivering returns for investors.

Paul Jackson is incisive, down to earth and engaging. His mantra, borrowed from a colleague in Chicago, USA, is 'Bring me a transaction', which he explains reminds the team that, "we are not in the business of dreams – it's about transactions".

The establishment of TUHF has reaped huge dividends for its shareholders and has unlocked a wealth of opportunities for ordinary people – who do extraordinary things.

The Inner City Housing Upgrading Trust (ICHUT) had been involved in lending in the inner city since 1993. In 2002, a joint venture between the NHFC, ICHUT and Nurcha was proposed. With financial muscle and the foresight of the NHFC, together with its Joint Venture partners, TUHF was officially launched on 1st June 2003. The initial Board comprised Samson Moraba as its chairperson and Luthando Vutula from the NHFC. The newly named company, with its new specialised commercial property finance mandate, had R11 million from ICHUT and received both a R10 million interest free loan and a R50 million commercial loan from NHFC. With R71 million in total assets, it opened its doors from its offices in Braamfontein.

"The NHFC played a catalytic role and showed lots of foresight in forming TUHF. It has not only financed us but has also featured prominently in our success. The NHFC offers the best financial package for housing development in the country. It does have higher transaction costs but if you can get around those, it is a good partner to have on board. The best thing about working with the NHFC is that it is reasonable, supportive, constructive, and does not try to run your business," says Jackson.

With the backing of Moraba, Vutula and Morgan Pillay from the NHFC, Jill Strelitz from Nurcha, Brian Moholo from SHF, and Cas Coovadia and Taffy Adler from ICHUT, TUHF was the only commercial property financing company doing business in the inner city. Jackson recalls that in 2002/3, the inner city was on a massive decline and it was crime deluxe. Commercial banks hadn't invested in the city in the previous decade and did not do so for the next seven years. "TUHF specialises in niche low income housing – we only finance low income rental housing and we only

INNER CITY investors

Paul Jackson

do inner cities," explains Jackson. "We buy debt as cheaply as possible, add on 3,5% and take the risk, and hopefully give a return to investors. You have to understand, you could live downtown for nothing in derelict and hi-jacked buildings, where landlords provided no services. Into that market comes TUHF, and the muscle behind it, which was prepared to risk effectively R60 million in those days and ICHUT's R11 million in equity."

Jackson has worked in downtown Braamfontein since 1996, and what had dawned on the TUHF team was that the city was not just about crime and grime. There was an economy. "It's really about what you see. When we saw what landlords were providing we realised that if we offered decent accommodation and good service, we could become a national organisation." Jackson quotes TUHF Board member Taffy Adler, former CEO of the Housing Development Agency and the Johannesburg Housing Company, who once said, 'We have to get impact through scale'. As long as we stayed in the market we wanted to be big. Our board was always unequivocal about the fact that we wanted the business to grow through scale. We set up a really well run business with a national presence and we wanted to be independent.

The second thing, says Jackson, was the funding model. He visited a number of countries looking for the best operating model for TUHF. Having accessed various operating principles and procedures he finally took a leaf out of ShoreBank, a Chicago based mortgage financier funding mom and pop stores. "We owe them a lot, since we have retained a lot of what made them successful. Mary Houghton of ShoreBank grappled with development impact." She said, 'no money, no mission and get slogans that encapsulate the company'. "We started as a 'not for profit' Section 21 company, but we were actually a company not for loss. We were paranoid about breaking ever since December 2004, and have been a profitable, hard-nosed commercially run company since then. We worry about the bottom line and returns for our shareholders," says Jackson. TUHF's business model was to borrow from the debt capital markets, lend to lots of people, whether on or off balance sheet or corporate bonds, secure investments, find deals and, if they were too big for TUHF, do joint finance. We would do the work and take a fee for it. We essentially trade in debt capital.

TUHF was open for business with financing from the NHFC and other Development Finance Institutions, , and looking forward to relationships with ShoreBank, ICHUT, and board members Cas Coovadia, Taffy Adler, Jill Strelitz and Cedric de Beer from Nurcha – all the usual suspects.

The impact of access to finance, urban land reform and scale of housing supply saw the NHFC make loans totalling R330 million. "We maxed out with them, I guess," says Jackson.

TUHF has only been constrained by its ability to borrow and to date had lent a total of R4,3 billion to inner city property entrepreneurs. However, to attract funding from various commercial banks, asset managers, and international government funded agencies, TUHF had to change from a Not for Profit to a public company. Debt financiers are uncomfortable lending to a NGO. TUHF's main shareholders include NHFC, PIC and Futuregrowth. TUHF established a commercial arm, TUHF Ltd. Essentially TUHF NPC sold its loan book to TUHF Ltd and sought shareholding from NHFC and others.

"In June 2012, we brought on board new strategic shareholders who had attributes such as capital patient, a development mandate and debt financing capabilities." Hence the shareholding was put together and TUHF has grown the book to R2,3 billion. "In total we have lent over R4 billion, financed 360 entrepreneurs and 34 500 units. We

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Returns for investors...

plan on reaching a R5 billion book represented in every major city in South Africa.

Says Jackson, "We fund ordinary South Africans who have certain key attributes. They live or work in the city and have researched the market potential. We have made a business of recognising ordinary people with potential. We don't care if you can't speak English or your formal education was cut short. We want to know: Can you hack the vagaries of residential real estate? Have you done the work and are you hard working? Do you have integrity and are you hands on? We have clients who have tried commercial banks and been turned away by a security officer, or a receptionist asking what they were doing there. But they all have common attributes, they understand inner cities and they are property entrepreneurs."

"We have funded domestic workers, builders, electricians, teachers and we particularly like cops. We have even funded former CEOs of JSE listed companies. We are a place where anybody can come for a cup of coffee and talk business and inner cities."

TUHF Limited is now registered on the JSE Debt Securities Listing Board and the final stages of the R1 billion DTMN programme are in the process of being carried out. Instrumental to the listing of the DMTN Programme in the form of a credit enhancement is a R200 million Jobs Fundaward by the National Treasury.

"A great thanks to the NHFC for its continued support and taking the initial risk of planting the seeds of what TUHF is today," concludes Jackson.

Case study – Solly Ramalamula

Solly Ramalamula's belief in the importance of safety, security and cleanliness, along with hard work, entrepreneurial tenacity and TUHF's assistance, has enabled him to leave his former occupation as a policeman, to become the owner of five TUHF-financed properties.

In 2012, Solly purchased Verena Court in Primrose with his policeman's pension and funding from TUHF and established his company Take Shape.

Solly painted the building in the company's signature blue and purple, Verena Court stands cheerfully on a corner with the sounds of children playing behind the secure fence and neighbours happily chatting, content in the knowledge that the building is well maintained and a safe place to live.

The property comprises of several building configurations, including a block of flats with 18 one-and-a-half bedroom units, a house and two semi-detached buildings. The block also has a small supermarket on the ground floor that provides residents and neighbours with their daily needs. Solly employs an on-site caretaker and a cleaner to maintain the property, while the family-run supermarket provides employment to four people.

After purchasing Verena Court, he repainted the inside and outside of the flats and made additional minor changes to uplift the building. The house and semi-detached buildings, however, needed major development. Solly installed access control, as well as a gate with remote controls for tenants who park their cars on the property. He met with all residents prior to the refurbishments to explain his vision for a clean and secure living environment. Although this meant a substantial increase in monthly rentals, he explained that most of the tenants chose to stay and greatly appreciated the recently installed access control and well-maintained environment. The rooms are rented for between R800 and R1 300 per month, while larger family apartments cost R2 800 per month, with an additional levy for parking.

Solly has extended his business to incorporate Take Shape Property Management, which assists other property entrepreneurs.

SOCIAL HOUSING MARKET

– steadily improving the quality of life

Over the past 20 years, the National Housing Finance Corporation has been steadily improving the quality of life of many South Africans by putting social housing on the map.

Siegfried Mogane

NHFC Executive Manager: Corporate Support Services, Siegfried Mogane, has the depth of experience and the richness of understanding to navigate the intricacies of what is required to establish social housing in South Africa. His background with banking giant Absa's predecessor, the United Building Society, and exposure to how social housing is funded and managed in the UK and Netherlands, and his time spent with social housing institutions like Broomleigh (UK) and Vestia in the Netherlands have prepared him to assist the NHFC to identify key ingredients in establishing training and management in social housing organisations.

In 1996, the NHFC was instrumental in establishing the Social Housing Foundation (SHF), previously the Housing Institutions Development Fund. The Foundation was created for the sole purpose of providing social housing institutions with management, training and tenant education, to capacitate the sector. Social housing institutions had to build a solid business case before receiving a donation of land from provincial or local authorities, or apply for an institutional subsidy of R16 800 per unit (or R18 4000 dependent on site soil conditions). Social housing delivered affordable rental housing to low income earners in the R1 500 to R3 500 per month category.

The Housing Institutions Developments Fund (HIDF) had been established to finance and support social housing institutions. State subsidies assisted the organisations to build housing stock that was not for immediate ownership. The subsidy indirectly benefitted beneficiaries, as it was provided to assist institutions in making rentals affordable to the target market.

The first social housing institution to be financed was the Abahlali Housing Association in Port Elizabeth, which was approximately 250 units. The Greater Germiston Inner City Housing Corporation, now the Ekurhuleni Housing Development, started with 300 units. The Johannesburg Housing Company rolled out approximately 700 units during 1999, and 2000. The Tsutsumani Athlete's Village in Alexandra Johannesburg, built by Semag, accommodated athletes competing in the All Africa Games in 1998. Instead of paying for hotel accommodation for participants, a 1 600 unit village was built to host the athletes. The project was funded by the NHFC and government grants, including institutional subsidies. After the games, the units were then allocated to low-cost housing beneficiaries with some of the units being set aside for rental.

Over the years, the HIDF continued to provide funding and, at the time

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'Government has increased the social housing budget and it forms part of human settlements, integrated developments and Catalytic projects.'

Mogane joined, there were only four or five social housing institutions – of which three had tenants. By 2001, the NHFC had rationalised the business and brought the HIDF under its wing, bringing with it 2 900 units.

In 2004, the Minister of Housing, Sankie Mthembi-Mahanyele, separated the Social Housing Foundation and made it independent of the NHFC. Social Housing Foundation continued to provide capacity building programmes, whilst the NHFC continued to provide top-up funding.

Each year two or three more social housing institutions came on board and, in 2008, the Social Housing Foundation evolved into the Social Housing Regulatory Authority (SHRA). The new regulatory authority accredited social housing institutions and projects and mobilised grant funding. With this came the sourcing of technical expertise to support the institutions in developing housing stock. Today, SHRA provides 70% of the grant funding required and the NHFC provides 30% of the funds required in the form of a project loan.

Mogane explains that 70% of grant funding is non-repayable, but comes with certain conditions and criteria to serve this sector – and to make social housing rental space affordable. Rental levels are determined by SHRA.

In 2009, the income criteria increased to between R1 500 and R7 000. This, however, does not mean that someone earning over R7 500 cannot access social housing, Mogane says there is a formula that provides for cross subsidisation. For example, someone who earns R3 500 per month will pay rent of R750 or R1 000 per month, whilst another tenant earning R10 000 per month will be charged R1 800 or more per month. Cross subsidisation makes it more affordable for everyone.

One of the key requirements of any social housing institution is to be sustainable from the rental income it generates, to repay loans. It has to provide, clean, decent, well located accommodation. In addition, extra resources should be used to provide amenities such as recreational facilities and after school facilities. "That's what makes social housing," says Mogane.

He cites examples of social housing providers in Holland. "It is almost like living in a middle income house – the social housing complex includes a crèche, after care facilities, and some even include frail care facilities for the elderly. We are not there yet compared to European standards, but are getting there. We now have 51 social housing institutions and 23 of them own and manage their units. The number of social housing units is well over 24 000. South Africa is still in its infancy compared to overseas where some social housing institutions are 100 or 150 years old."

'The challenge is to differentiate between the units without creating tension between neighbours as one tenant may pay R750 and the neighbour R1 800.'

Another challenge for social housing institutions is size of the units. Mogane explains that the social housing provider has to be innovative in the way that space is used, in order to maximise the number of units and make the organisation sustainable. "The challenge is to differentiate between the units without creating tension between neighbours as one tenant may pay R750 and the neighbour R1 800."

Social housing is not only about families. He mentions that the Madulammoho Housing Association provides accommodation for abused mothers and disadvantaged people. The individual units share communal bathrooms, recreational areas and kitchen facilities. Mogane says that in 1998-2000 the cost was between R50 000 and R60 000 to build a one or two bedroom unit – R18 400 was provided from the social housing subsidy and the social housing institution still required R41 600. At that time the NHFC financed 80% of the deal and the social housing grant subsidy was 20%.

Today, a two bedroom social housing unit costs R370 000, grant funding including subsidies is R235 000, the NHFC top up loan is R145 000, and the average monthly rental is R1 200.

He explains that the bulk of the funding comes from SHRA.

Social housing does not yet meet the demand but, says Mogane, "Those people who are able to rent from a social housing provider are far better off, than they would be paying market related rentals."

There has been considerable interest from European multilateral institutions who are keen to fund social housing. This is a positive sign and shows that social housing is on the right trajectory." Going forward, NHFC will no longer be the sole funder. Commercial banks, local authorities and municipalities will be providing funding for social housing as it is now incorporated into the Breaking New Ground Strategy. "All of this points to growth," Mogane says.

Government has increased the social housing budget and it forms part of human settlements, integrated developments and Catalytic projects. "This is exciting. The sector is growing and maturing." He cites providers who have achieved critical mass such as the Johannesburg Housing Company, Sohco in Durban and the Eastern and Western Cape who are the pioneers in social housing. Communicare in the Western Cape is also growing and is one of the oldest in the country. It was initially set up without much government support, and is doing an excellent job. Social housing is increasing and we are now entering the second stage of social housing, which is accelerated growth," says Mogane.

Social housing is increasing and we are now entering the second stage of social housing, which is accelerated growth.

"Government has admitted that to continue to provide RDP housing is unsustainable given the high cost of land and infrastructure for a single unit compared with building social housing, which is more efficient and sustainable. Social housing lends itself to high rise densification and provides more units on the ground."

Mogane is adamant that social housing is a better way to house more people affordably. The NHFC has weathered rent boycotts and was the sole funder of social housing in the early years.

Some social housing institutions were hard hit by rent boycotts and unable to repay the NHFC, whilst others continued to make monthly payments. Default rates were high, up to 90% in the initial stages, compared to current levels of 7%, which is the norm. NHFC's social housing portfolio accounted for 10% of its portfolio then and today is 30% and worth R750 million.

Mogane says, "The NHFC has survived over the years because of great leadership at Board level and good management." The NHFC has put in place robust processes and poor quality units and workmanship, costly over-runs are a thing of the past. "We ensure that we can be proud of the projects we fund."

The Cape Town Community Housing Company continues to be a tricky issue. The NHFC partnered with the City of Cape Town in 2003/2004 to provide a social housing vehicle for low income communities. The Cape Town Community Housing Company instalment sale innovative product enabled people to rent until they had sufficient funds to purchase a home. It offered potential home owners the opportunity for monthly savings. The City of Cape Town donated the land and between government subsidies (R18 600) and a loan from the NHFC, the buyer would purchase a house for R31 600, after saving R500 per month for a 24 month period (R12 000). It was a brilliant concept but sadly failed due to poor quality housing and workmanship. The saving rules were relaxed and people no longer had to save in the scheme. Mogane says, "Where else can you buy a house for that price." The City of Cape Town sold its stake in the project to the NHFC and the state-owned entity became the sole owner. The project stalled as the project manager failed to address issues from residents timeously and incessant complaints led to non-payment by tenants.

The NHFC still faces the problem of 200 householders who are not paying rent. The state-owned entity would like to sell the Cape Town Community Housing Company, now that all the legal issues have been addressed.

"The Cape Town Community Housing was an innovative, experimental model and its downfall was the refusal of tenants to pay. The concept was ahead of its time, boldly using alternative materials and the units are beautiful," says Mogane, "but it is now necessary to exit, as to own such a company is not in line with NHFC's mandate."

The NHFC fulfilled its mandate as a market maker in establishing social housing and introducing innovative financial products and has diligently funded the sector for 20 years and assisted in making life a little easier for the lowest income earners.

ENTREPRENEURS

Inner city housing specialists, Wayne and Renney Plit, founders and until recently co-owners of Afhco, were trail blazers in the sector and together created a sizeable housing portfolio worth R1,7 billion over the past 20 years.

Quiet, efficient and purposeful, Wayne's expertise in building and Renney's meticulous attention to financial detail scaling up projects have proved to be a winning formula.

The Plit brothers readily acknowledge the huge contribution that the NHFC has played in Afhco's success and that without funding, from the state owned entity, they would not be where they are today.

"NHFC was the only one willing to fund developments in the 'red-lined' inner city of Johannesburg 16 years ago," says Renney.

Partnering with the NHFC and being clearly focused on the financial model, the business, the process of accessing a plethora of projects and making a judgement call on each, has allowed Afhco to create its portfolio of social, rental, rent-to-buy, instalment sale, and, of course, to repay the NHFC loans. The Plit brothers didn't waste time approaching commercial banks, as they would not invest in the often dilapidated inner city precincts. Renney says that Afhco delved into Joburg's inner city and the city blocks were indeed under attack from slum lords, hi jacked buildings, and they developed, he says, "where angels feared to tread".

Afhco is only one of a long line of developers who built a strong foundation through the NHFC and assisted national government in delivering on its housing mandate with affordable, social and rental housing. Even through difficult periods Afhco met its financial obligations to the NHFC. Plit cites one example where the brothers had planned to develop 3 500 units in Protea Glen, Soweto. After a short time on the project, they experienced political interference, the culture of non-payment and general dissension and decided to walk away with only 60 units complete and absorbed the entire loss. Of course, this built a great deal of trust between Afhco and the NHFC, as they serviced their debt to the state entity. This was small fry in the end as the brothers continued to work hard and smart to create a sizeable portfolio.

Plit shares much about their journey with the NHFC and Afhco's humble beginnings, renovating buildings and selling sectional title units to the end user market. This however came to an abrupt halt when the commercial banking sector red-lined the inner city. "We then started our own funding model, instalment sales, sold units and funded end users ourselves. We created a substantial book and retained the title deed until such time as the purchaser paid off the debt. Only then did transfer take place."

The Plit brothers were also involved in Gateway Homeloans project before the NHFC came on board and the state-owned entity bought Afhco's instalment sale debtor book. The capital from the debtors book sale enabled the Plit brothers to continue developing. Afhco continued to provide NHFC with batches of instalment sales at a discounted rate and Afhco continued to collect the debt, and settle with the NHFC. In those days the instalment sales were over a five year period, of course, affordability was always an issue and eventually extended to six years and finally a 12 year instalment period.

Afhco was also registered as a social housing institution and this enabled the purchaser to tap into a state subsidy of R16 000 per unit, which was credited to Afhco, plus the buyer paid a R10 000 deposit and owed Afhco approximately R30 000. The end users who bought apartments Afhco developed in the early days for between R40 000 and R50 000. Those same units today are worth between R250 000 and R500 000.

Renney says, "It was a good way of building a capital base for the low income earner." Adding that subsequently Afhco stopped selling off units, "As we felt that the rental market was the growth area and we

AND DEVELOPERS

Renney and Wayne Plit

decided to build up a rental portfolio instead of selling off the golden goose. The NHFC provided Afhco with outstanding levels of funding at attractive interest rates that allowed us to do some very big projects."

NHFC's role was to entice the private sector back into the city and to change perceptions in the market place about crime and degradation in the city. "It took a long time before the banks began funding the inner city. The NHFC got the market moving and lot of developers have followed in our footsteps and borrowed from the state entity." NHFC was always open for business, obviously they would go through their feasibility and business models but we built up a good track record with them and never missed a payment. That develops levels of trust as well. What changed to a certain extent was the implementation of the Financial Sector Charter as banks had to score points investing in the redevelopment of the country. This precipitated Old Mutual to acquire 50% of Afhco over a decade ago.

With a 3% to 4% vacancy rate over a 20 year history, Renney says, "In reality, where is the risk?" He says that even today the commercial banks are still backing the bigger players rather than new developers coming into the market. Ahfco was sold for R1,4 billion to SA Corporate on 1st July 2014. "It was a cultural fit," says Renney. SA Corporate CEO, Rory Mackie oversees a R13 billion portfolio. Afhco is now a subsidiary of SA Corporate Property Reit. This has enabled the Plit brothers to accelerate the roll out of affordable housing for the middle income market. With three year contracts and a one year profit warranty, which they have already exceeded, Renney and Wayne are set to deliver another 800 apartments in the conversion of the 60 000 m^2 Jeppe Post Office, in downtown Joburg. The project of scale will compete with Afhco's flagship development at 120 End Street totalling 927 apartments and shopping precinct. The brothers are relentless and continue to find new business opportunities and development acquisitions. "We do not borrow money anymore but as loyal customers, we appreciate the growth in our business due to the NHFC," concludes Renney.

Case study Simon Mkhize

Simon Mkhize does not mince his words when he talks about TUHF: "They mean everything to me. I am a new man because of TUHF," says the 53-year-old entrepreneur.

Simon recalls in 2004, when he approached the owner of the Yeoville block of flats in which he lived, asking if he could buy his apartment. "The landlord said that he wanted to sell the entire building for R350 000. I knew it was a fair price but I had no money or savings."

Mkhize had seen the TUHF signs on other buildings financed in the area and a friend told him to go see Nano at TUHF in Braamfontein. A meeting with Nano yielded him an Intuthuko loan, and within a short space of time he was signing an offer to purchase Mabel Court on Natal Street.

The tenants refused to leave and not even a High Court order made them budge. The Sheriff of the Court seemed unwilling to enforce the eviction order unless he was paid R10 000. Simon arranged for a private security firm to do the job. The Sheriff then took exception, insisting that it was his job to carry out court-ordered evictions, and promptly moved the tenants back into Mabel Court. TUHF advanced Simon the money, he paid the Sheriff R10 000 and as the eviction proceedings got underway, it started to rain. "They were on the street and were getting wet, so I told them to put their belongings in my garage," says the soft-hearted Simon. "What could I do; these are my fellow human beings?" The old tenants eventually left and he started his new business.

In 2013, Simon was charging tenants R1 800 per person per month, including utilities. Mabel Court's two, two-bedroom apartments that typically sleep three people and the four, one-bedroom apartments accommodate two people. After working at a hardware and paint shop as a clerk for more than 25 years, Simon is today a full-time entrepreneur. He bought two semi-detached properties near Mabel Court (also financed by TUHF, at a total cost of R800 000) and also runs a small driving school. Simon expects to pay off his original loan to TUHF shortly and is considering other purchases in Yeoville.

Simon Mkhize

LONGEST SERVING NHFC

Sizwe Tati, the NHFC's longest serving and current NHFC Board member, fondly remembers the invitation to serve on the board by Chairman, Eric Molobi.

Sizwe Tati

It was the opportunity of a lifetime to sit next to a magnanimous individual always willing to lend a hand to the young and upcoming. Eric Molobi looked at himself as a pioneer and trail blazer and made it his duty to develop talent and expose them to opportunities."

Molobi and Tati had previously crossed paths, when Tati headed the Get Ahead Foundation, a micro finance business and housing projects, while Molobi chaired and ran the Kagiso Trust.

"Eric Molobi had tremendous people skills, he was good at spotting talent and it was a privilege to have worked with him. Joe Slovo, the first Minister of Housing, was responsible for the housing policy framework in the country. Slovo constituted the National Housing Forum, which was overhauling the entire housing market. The conclusion reached was that there was a huge gap in the market – the lower end and previously disadvantaged individuals were not being served by traditional markets. This 'market failure' was addressed by Slovo, who proposed the establishment of development finance institutions. The NHFC and NHBRC both emanated from the policy framework that he laid out in those early stages of the new democracy."

As a new Board member, Tati says that it was important to understand NHFC's mandate and under the leadership of Professor Michael Katz, it wasn't difficult. The Board had a mix of public and private sector expertise and how the two divergent approaches to business melded together was a challenge for the institution in order to serve the sector in a sustainable way.

Tati was part of the Board that appointed the first CEO, who did a sterling job in getting it off the ground. He was also part of the panel who interviewed candidates for the successive CEO, when Samson Moraba was appointed.

Moraba's impressive financial institutional background, grasp of sectoral issues and ability to deliver exactly what he says, has stood the test of time. "Samson has never disappointed us. He has the ability to steer and spearhead a large institution through turbulent times and always works in a unified manner. He is extremely focused, which shows in the results achieved."

Tati adds that the NHFC has never had any adverse audit reports throughout its 20 year history, which bodes well for a state-owned entity. "This is something we are very proud of, as we have always been above board. Samson has done a sterling job and this would not have been possible without the Chairperson, Michael Katz, and our sub-committees' supporting management. Michael has done an excellent job in providing leadership. I have the privilege of working with Michael and Samson in this delivery space, which has truly been an honour."

During NHFC's 20 year history it faced a number of challenges. Tati explains that as a wholesale DFI, the initial challenges were to operate through non-governmental institutions, retail finance institutions (no banks) and to ensure that they had governance and systems in place to handle the funds being channelled - that was a huge milestone.

"In leveraging the private sector, the NHFC established a secondary housing market and securitisation created by Gateway Housing, funded by the private sector. The concept took off but failed to scale up to the extent we anticipated. We saw the model in the United States – Fannie Mae, the leading source of financial mortgage products, and thought it would take off in South Africa but the private markets were not ready

BOARD MEMBER

for that product." He added, "The Mortgage Default Indemnity Scheme, a guarantee scheme to cover banks from defaults in the housing sector stopped short partially due to the initial capitalisation that was not forthcoming from Treasury. Once again the product was ahead of its time and Treasury had other priorities. My personal belief is that the programme would have taken off if all the parties were involved. This requires capitalising it properly, going back to Treasury to ensure that it is adequately funded and we could then achieve four times the impact, than going it alone as NHFC. The banks would have then extended funds to more people, when banks retreat this is the first market that is affected. The Mortgage Default Indemnity Scheme does deserve another chance."

The NHFC's deal with mining giant Implats to provide home loans to mining employees was one of the highlights. "The 2 000 housing pilot project with the mining house was an overwhelming success. The global financial market subsequently went through a meltdown and employers faced financial challenges."

The Finance Linked Individual Subsidy Programme is another product that had the potential to really make an impact and deliver housing in the Gap market. This is householders earning too much for fully subsidised housing and not enough to qualify for entry level housing. "A key factor was the decision to allocate FLISP funds to the provinces, and it was a long and arduous process before the NHFC received these funds. Government does not have to create new money, it simply needs a new piece of legislation to channel FLISP funds directly to the NHFC. It requires a streamlined approach. Banks are efficient institutions and FLISP subsidies would increase the number of housing opportunities in the low income market." The state-owned entity has weathered many storms, scaled down and retained key staff members and has a strong balance sheet.

"The NHFC is on the brink of being conferred with much greater responsibility to incubate other previously funded DFIs of Human Settlements. We are comforted that the Minister is now impatient to make this happen and quicken the pace of delivery," concludes Tati.

ERIC MOLOBI

Eric Molobi, NHFC's first chairperson and iconic businessman, in the Chairman's Report in 2001, stated

The Eric Molobi innovation Hub

"When the National Housing Finance Corporation was formed five years ago, born out of the dire need to address the critical shortage of housing in South Africa, our mission was clear – to create housing opportunities for low and moderate income families. The demand for housing in South Africa was, and remains, enormous particularly in the low and moderate income communities.

The mainstream financial institutions either lacked the capacity to address these demands or were unwilling to do so because of the perceived high-risk nature of this market. The challenge to the NHFC was thus to find innovative ways of addressing the needs of the market. In our first five years of operations NHFC has risen admirably to this challenge, albeit not without some setbacks. The NHFC set about nurturing a client base that would have the capacity to begin to make a dent in the enormous and innovative mechanisms to ensure sustainable delivery and a 'win-win' situation for our client, ourselves and, of course, the millions of South African families previously denied access to housing finance."

Eric Molobi, NHFC Chairman's Report, in 2001. He served as Chairman from 1996-2006. The NHFC Annual Report in 2006, in memory of the late Chairman stated: 'His love for the people and the desire to improve their well-being led him to contribute tirelessly, in spite of his numerous commitments, to the cause of housing and the corporation.'

Established in 1996, the NHFC report in 2001 showed that there had been consistent growth at the state-owned entity from the outset. Growing its advances to well over R1 billion, which in itself is highly commendable, loans approvals rose to almost R115 million in 1997 to R1,36 billion in 2001. Over the first five years, loans worth R1,3 billion were advanced to 53 clients, to provide 486 980 end user loans and create 67 451 housing opportunities.

PROJECTS AND MILESTONES

Lawrence Lehabe, the soft spoken NHFC Executive Manager: Lending Division, focuses on social housing, private and inner city rental stock and affordable ownership housing developments.

Lawrence Lehabe

Lehabe breaks down the balance sheet and explains that the rental market has been doing relatively well, with a loan book of R2,3 billion, 70% of that is project driven developments and within that figure almost 80% is rental stock.

"Broadly speaking in direct lending we provide up to 80% Loan to Value. With rental projects split into social housing institutions that are not municipal entities such as Sohco, Yeast, Free State Social Housing, Housing Association East London, Jozi Housing, Freshco and private landlords such as International Housing Solutions (I H S) Afhco, Johannesburg Housing Company and others managing sizeable rental stock."

NHFC's provides 30% funding to social housing institutions for income earners between R1 500 and R7 500 per month. The state-owned enity can take the credit for enabling social housing as business model that works. "Our lending activities in social housing has built a sound business case and demonstrates to other providers that they are able to get a return for the funds they put into social housing. On the private rental side the market is broader and provides accommodation for income earners up to R15 000 per month."

Lehabe says that the key players in the rental market manage 3 000 units upwards. "Most units are located in major metros, where there is a demand for rental and significant urbanisation happening. Economic activity and employment opportunities is a key driver of the rental business."

"The challenge with social housing institutions is often more with start-ups, who are without a credible track record and need significant hand holding. We often assist them and get them to a stage of readiness that will meet the criteria of the social housing regulatory body." Social housing providers who do not get SHRA approval will find that they are unable to access NHFC funding – that's the rule. Lehabe explains that the challenge for start-up companies is the financial model of social housing, whereby rentals are capped at R2 240 per month, 30% of the units in a project must be allocated to a primary target market earning between R1 500 – R3 500 per month.
"The income band range limit has been in place for many years – the effect is that construction costs have been going up at Consumer Price Inflation, yet on the other hand the rental that can be fetched has remained static. This simply means that unless the grant contribution grows

'The challenge with social housing institutions is often more with start-ups, who are without a credible track record and need significant hand holding.'

to cover the costs of construction - then the project will not be viable – it will not generate sufficient revenue from rentals to cover operating costs of the property being funded and the interest costs of that portion raised to fund the development."

Lehabe adds that this has put the brakes on the major social housing institutions bringing new projects into the market. "The pipeline has become weak of late. To achieve growth we need to revisit the financial model and adjust the rental caps or increase the grant quantum, otherwise growth of the sector will be subdued."

On funding private landlords, Lehabe says, "The NHFC extends loans to companies that are involved in converting dilapidated buildings or previously high jacked buildings in the inner city - providing loans to refurbish those buildings and convert them into rental accommodation." The NHFC remains an important partner to municipalities, particularly the Johannesburg Metro, on the award winning Brickfields development.

"The biggest initiative was setting up the Trust for Urban Housing Finance (TUHF), and to be the founding member of TUHF, through provision of initial seed capital and significant debt. TUHF was really mandated to assist smaller entrepreneurs who wanted to enter into the residential property business, providing them finance to acquire relatively smaller buildings of 20 or 40 units and to enable them to participate in auctions. It was a deliberate strategy to have a nimble player, who would be far more responsive and have a quicker turn around than that of the NHFC. TUHF has to date delivered close to 34 000 rental units or more in Johannesburg, Tshwane, Durban, Ethekwini and Port Elizabeth and have recently branched out in the Western Cape. NHFC continues to receive dividends annually from the profits that are generated by TUHF. It proved to be a successful conduit of the NHFC, extending the business in a more commercial environment with turn-around times similar to commercial banks."

Lehabe is notably proud of the NHFC's achievements in funding private sector developers, institutions, and establishing successful implementation vehicles to facilitate housing delivery.

"It is not surprising to see that most of the banks are funding residential projects in the inner city, real estate investment trusts are acquiring seasoned rental portfolios and continue to look for new opportunities, as there is a sound business case for that market. The lending business comes with risks associated with defaults – ultimately our first prize is to restructure and work out any failing projects to help resuscitate the business. He concludes that defaults could be anywhere between 3% to 7%, but in banking anything over 3% is unheard of.

SCHOOLING IN LEOPARDS REST

Affordable housing specialists, Cosmopolitan Projects in-house contractor, Central Development Property Group, has undertaken to build the Royal School Alberton, near Leopards Rest housing development in Albertsdal.

Leopards Rest residential development includes 4 500 housing opportunities, sectional title units, free standing properties and rental stock. The project boasts an affordable private school as well as other amenities.

With 600 houses currently under construction, units will be rolled out from mid-year. The Royal School Alberton has specified Corobrik's Moroccan Red Travertine face bricks. The school is one of three managed by Royal Schools Management Company, a partnership between Old Mutual Schools and the Education Investment Impact Fund South Africa, headed by Dr Bennie Fourie and his team. The aim is to deliver quality education at independent, low fee paying schools, through the provision of accessible facilities.

The greenfield project includes 612 000 Corobrik Moroccan Red Travertine face bricks to enrich the school's aesthetic appeal. Building commenced in May this year and is scheduled for completion by the end of September.

The school already offers classes from pre-school to Grade 10. In 2017, Grade 11 classes will be introduced and Grade 12 in 2018. After-care facilities will also be provided. On completion, the school will cater for 1 655 learners and 65 staff members.

The choice of Corobrik Moroccan Red Travertine face bricks for the construction of the school was primarily for their robustness in a school environment, durability, and associated low maintenance attributes. "With sustainability a key requirement in modern construction, clay face brick eliminates the need for material replacement, saving on costs throughout its lifetime," said Corobrik's Sales Director Ockert van Heerden.

"Clay face brick has many other advantages. It comes with a 'desirability factor' and provides a good balance between aesthetics and practicality. All in all, face brick is rightly regarded as a material of choice for defining a school building's status as right and proper. Not many people give much thought to the contribution clay bricks, which contribute to good air quality and healthy indoor environments. The inorganic qualities of fired clay assure mineral properties guarantees a nearly pollution-free indoor air quality. Clay bricks' natural propensity to absorb and release humidity from the atmosphere helps keep humidity at the desired 40 to 60% level for healthy living. Another important attribute of clay brick is its good thermal performance," said van Heerden. "Scientific research has demonstrated that clay brick walling provides the most thermally efficient day-time occupancy in institutional buildings – such as schools – helping to ensure classroom environments are warm in winter and cool in summer and conducive to better teaching and learning. At the new Royal School Alberton, the combination of earthy face bricks with the turquoise roof coverings and brightly painted accent walls creates a striking image." This state-of-the-art development has 63 class rooms, two computer laboratories, three science laboratories, four pre-school classes with a well-equipped play area, a hall, a stage, tuck shop, administration block, several staff and meeting rooms, sports fields, drop-off zone for learners and a staff parking area. Each class is equipped with laptops and Wi-Fi access. A complete security system will be enhanced by an electric perimeter fence and cameras throughout the site.

´Scientific research has demonstrated that clay brick walling provides the most thermally efficient day-time occupancy in institutional buildings´

Whilst the catchment area for Royal Schools Albertsdal is mainly Katlehong, Thokoza and Vosloorus, it is only 20 km from the Johannesburg CBD and major industrial areas with direct access to highways. ■

City looks for partner to finish highways

The unfinished highways on the western, central and eastern side of the Foreshore Freeway Precinct have been part of the Cape Town city landscape for nearly five decades.

Patricia de Lille

Executive Mayor of Cape Town, Patricia de Lille says that they are the theme of many urban legends about why they were built as they seemingly lead nowhere.

In the 1970s, at a time when engineers designed the freeways and embarked on ambitious roads projects, traffic flowing in and out of the city was easy. The project was subsequently abandoned, mainly due to a lack of funds and the fact that the volume of traffic was too low to warrant any further investment.

Almost 50 years later, these skeleton-like structures still stand unfinished and unused, in the midst of horrific traffic congestion. Not only are they useless, other than for film shoots, they also prevent the development of prime city-owned land – known as the Foreshore Freeway Precinct – that is locked in under and between the existing highways and the harbour.

In 2012, the City partnered with the University of Cape Town's Engineering and Built Environment faculty where students had to explore and find innovative proposals for the future of the foreshore and the unfinished freeways.

In 2014, as part of the World Design Capital tenure, the city hosted an exhibition showcasing the ideas of UCT students. It was foreseen that, following an adjudication process, these ideas could form the basis for a concept for the future of the foreshore precinct. "In terms of our proposal as to what to do with the unfinished freeways, it is vital that we find a long-term solution to alleviate congestion," says de Lille.

"The city will leverage the land beneath the unfinished bridges for development and part of the conditions for development will be that it include funds to complete the unfinished bridges, alleviate congestion and provide affordable housing."

Cape Town has already committed R750 million over five years for various congestion relief projects across the city. The solution to the unfinished bridges must assist its range of efforts to alleviate congestion.

In July the city will issue a document calling on prospective investors and developers, or a consortium, to provide it with a solution that will address the congestion currently faced in the precinct.

The 'Prospectus for the Development of the Foreshore Freeway Precinct' will provide interested parties with all of the necessary information about the city-owned land. It will be made available to the private sector in return for the provision of road infrastructure and a development that will drive sustainable economic growth.

De Lille says that a pivotal requirement for those wanting to bid is that their development proposal must provide housing opportunities for a diverse cross-section of income groups.

She adds that this means a percentage of the development must be earmarked for affordable housing opportunities to those applicants who qualify for these opportunities in terms of the city's policies.

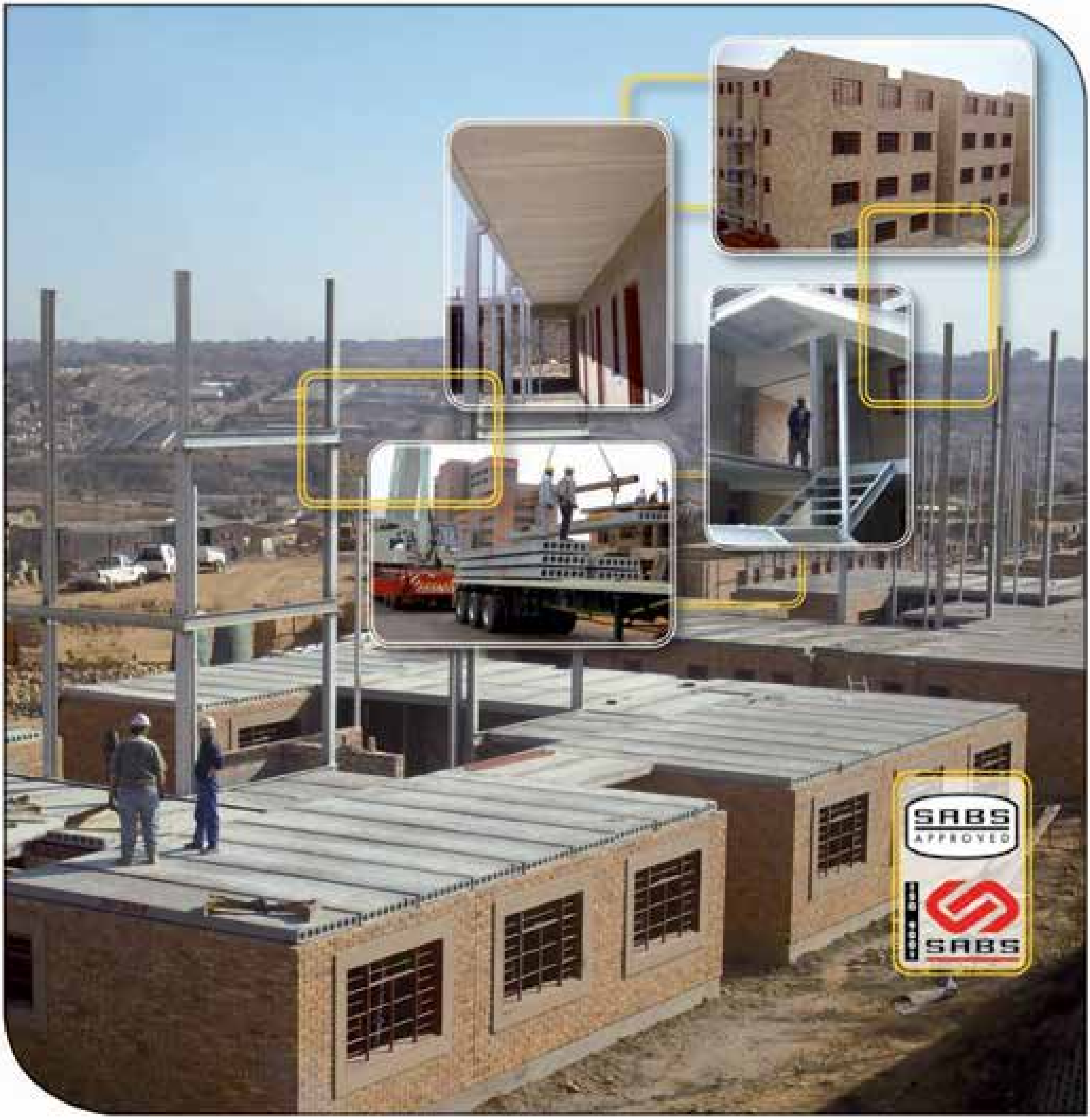
This will include housing opportunities for residents from previously disadvantaged areas. "As such, the development of the Foreshore Freeway Precinct provides us with an opportunity to address the legacy of apartheid spatial planning," says de Lille.

The prospectus will provide clarity on the size and exact location of the land; the requirements for the development proposals coming from the private sector; the timelines; and the processes to be followed in appointing the successful bidder, among others. Whether the unfinished highways stay or go, are completed, or redesigned altogether, is for the proposed bidders to put forward.

Any proposal should foremost resolve the traffic congestion and access to and from the city centre and provide the city with an affordable housing component.

"We look forward to finding a partner from the private sector who will be able to provide us with an imaginative and creative solution – one that will add to the attractiveness of Cape Town as an international destination, and at the same time assists us to address the challenges of a steadily growing city centre where traffic congestion is impeding the realisation of the city's full potential," says de Lille.

She concludes, "This is an exciting opportunity to be part of a new chapter in urban design and development – an opportunity not to be missed." ■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Ekurhuleni scoops top award for waste management

At the Waste Khoro 2016 conference held in Durban, the City of Ekurhuleni scooped the top award for the best managed municipal landfill sites in Gauteng.

The top accolade recognises the city's outstanding work at its five operational landfill sites at Rooikraal, Weltevreden, Rietfontein, Simmer and Jack and Platkop. Ekurhuleni currently collects over one million tons of waste per annum from over one million households each week. The waste consists of domestic, industrial and garden waste; asbestos waste is only accepted at the city's Platkop landfill site.

The cornerstone of the city's main objective of effective waste management includes economic opportunities, the social impact and the environmental benefits.

Receiving the award, Ekurhuleni's Member of the Mayoral Committee (MMC) for Environmental Development Portfolio, Ndosi Shongwe said: "Ekurhuleni's main focus is on developing new markets for waste and diverting waste disposal from landfill sites. In addition to reducing the Ekurhuleni's carbon footprint, the city aims to create a renewable energy supply, and to increase job creation and skills development in all projects implemented by the city."

The extraction and utilisation of landfill gas reduces harmful greenhouse gas (GHG) emissions and prevents explosion hazards at the landfill sites from the accumulation of methane gas. Ekurhuleni currently utilises the landfill gas to generate 1 MW of electricity at the Simmer and Jack landfill site, which is distributed directly to the municipal grid, saving the municipality approximately R400 000 a month.

Shongwe said the process of electricity generation is expected to expand to three more landfill sites.

Since its inception, the project has reduced emissions by 748 781 tCO_2e (tonnes of carbon dioxide equivalent) to May 2016. ■

PVC piping for infrastructure projects

DPI Plastics has already racked up two major orders for its new 630 mm Class 16 Modified Polyvinyl Chloride (mPVC) pipe for infrastructure projects.

Technical and Product Manager Renier Snyman explains that this represents the latest addition to the 630 mm diameter range from DPI Plastics.

The company introduced mPVC piping systems in the 1990s and DPI Plastrics remains an innovator and international leader in this market segment, having supplied technology licences as far afield as Australia, Asia and South America.

DPI Plastics manufactures mPVC pipe in pressure classes from six to 25 bar, and in standard 6 m lengths, complete with spigot, integral socket and rubber ring seal for ease of installation. All the products are manufactured in accordance with SANS 966 quality standard.

"The increased demand for mPVC piping systems is due to its applicability for large-bore water infrastructure projects. It has been designed specifically to provide similar tensile strength and greater resilience than standard PVC piping products. And, ideally suited to bulk water supply projects because mPVC is considerably more ductile than industry-standard unplasticised polyvinyl chloride (uPVC).

The ductility of mPVC pipe gives it exceptional resistance to crack propagation under pressure. In addition to superior toughness, mPVC has reduced wall thickness. This translates into less raw materials during the manufacturing process, and ultimately a lighter product that is easy to transport, install, and minimises its total carbon footprint.

Managing Director Juan Muller notes that the manufacture of the new 630 Class 16 mPVC pipe has allowed DPI Plastics to make significant inroads into the bulk water infrastructure segment. "In terms of what is happening in the market right now, there have been a lot of large-bore orders coming through. Government is certainly investing in major water projects. The building industry is stagnant at the moment, but when one looks at infrastructure and the provision of bulk water, it has been active for the past eight months at least, which has been very good for us," Muller concludes. ■

Cloverdene Shopping Centre breaks ground

Work has begun on the construction of a new shopping centre in the Benoni suburb of Cloverdene.

Located along the increasingly busy Cloverdene Road between Rynfield and Daveyton, the new 8 000 m^2 centre will provide quick and convenient shopping to residents of Cloverdene and eastern parts of Rynfield and Daveyton.

Although the greater Benoni area is well served in terms of shopping centres, there is currently nothing serving the defined catchment area in Cloverdene within an approximate 2,5 km radius.

The vast majority of these residents fall into the lower income and Living Standards Measure (LSM) brackets and have limited travel options. The shopping centre is being developed by the ONE Property Holdings Group. Cloverdene Shopping Centre offers a variety of national brands and tenants include Shoprite and Cashbuild, Pep, Ackermans, a hairdressing salon and several banking facilities.

The centre includes a taxi rank and developers are in ongoing discussions with the local taxi association to ensure that the community is provided with a working transport hub in the area. They are also in the process of appointing a community liaison officer, who will ensure that residents are kept informed and involved during the construction process. The community liaison officer will facilitate the use of local sub-contractors and skilled labour residing in the two wards near the retail centre. The main contractor has been encouraged to employ people from the area and this process is being closely monitored by the developer.

Regular meetings are being held with the community to ensure that the process is fair to all parties involved, to ensure that the community will benefit during the construction phase and with possible permanent jobs post construction. The developer will also engage with prospective tenants to further encourage permanent employment for the local community. "The aim is to design a shopping centre that serves the needs of the community through a carefully selected tenant mix, ensuring that the requirements of the people in the area are met," says Werner Franck of ONE Property Holdings. Cloverdene Shopping Centre is scheduled for completion towards the end of 2016 and is expected to open in December. ■

Municipal Infrastructure Grant

The Department of Local Government and Human Settlements in Bokone Bophirima in collaboration with National Department of Corporative Governance and Traditional Affairs, North West Department of Public Works and 23 local municipalities attended a two day workshop on the allocation of the Municipal Infrastructure Grant for the 2016/2017 financial year.

Bokone Bophirima has been identified as one of the municipalities in the North West Province that is not spending its grant effectively. To date, some municipalities still have to use a large portion of the municipal infrastructure grant with only two months to go before the end of the financial year.

According to the Director: Integrated Municipal Infrastructure, Mishak Monageng, "Infrastructure should be provided in such a way that employment is maximised and opportunities are created for enterprises to flourish and enhance local economic development."

The grant funding is currently equitably allocated to municipalities through a formula that takes into consideration housing backlogs in existing, established and formalised settlements, as well as poverty profiles in different municipalities. The allocation is guided by the grant policy and this determines how these funds will be spent.

The workshop highlighted and addressed the issues rather than withdrawing funds from municipalities without tackling and assisting municipalities to use the funds for much needed infrastructure. The challenges included poor planning related to procurement processes and political instability in municipalities.

"The scale of funding is aimed at expanding the delivery of basic municipal services such as water, sanitation, electricity and refuse removal," says the Municipal Infrastructure Support Agent (MISA) Provincial Coordinator. MISA's on-going work will tackle bottlenecks in municipalities where the grant has not been spent.

Members raised concerns with regards to progress of ensuring continuous procurement and service provider payment issues.

"The Department is aware of these challenges and has offered support through various statutory mechanisms," says Tshepo Phetlhu, Chief Director Development and Planning.

Phetlhu highlighted that only Tlokwe and Mahikeng municipalities in the North West are ready to roll out projects as well as grant allocations for service delivery projects for the next financial year. ■

AFRISAM-SAIA AWARD FOR SUSTAINABLE

The prestigious bi-annual AfriSam-SAIA Award for Sustainable Architecture + Innovation recently announced the final qualifying entries for 2015/2016.

This follows an intensive inspection process on site and 22 projects have been identified by the adjudication panel, out of a record 47 entries.

The successful projects span the four award categories: Sustainable Architecture; Research in Sustainability; Sustainable Products and Technology; and Sustainable Social Programmes.

These reflect a growing national engagement with design, innovation and sustainability, with representation from many different regions of South and southern Africa.

Urban planner and adjudication team member, Richard Stretton, says, "The award assessed by the project responds to the criteria of Harmonisation, People Upliftment, Evolutionary Paradigm and Placemaking Performance. Successful projects not only respond to these criteria but also use the criteria as design generating tools. Unsuccessful projects make token gestures to sustainability without demonstrating the understanding that the criteria of sustainability is as important as user function and aesthetic beauty. The building must have a clear function and be in use."

Stretton, a previous winner and eminent architect and furniture designer, conducted the site visits with other members of the six-person adjudicating team - Kevin Bingham (Vice President of SAIA), Daniel Irurah (sustainable architecture academic), Llewellyn van Wyk (Principal Researcher at Building Science and Technology), Sebasti Badenhorst (AfriSam representative) and Eric Noir (Africa region director of the International Union of Architects' work programme, Architecture for a Sustainable Future).

AfriSam's Sebasti Badenhorst says, "The qualifying entries really show a track record of being designed for the humans and communities who will inhabit and use them. It has also been particularly gratifying to observe the drive to target net-zero energy and water use and to limit sanitation outflow, emissions and to protect biodiversity."

"Awarded projects combine all the criteria through the design process into a harmonised solution that clearly demonstrates how the principals of

sustainability are represented in the design. This solution goes beyond the basic function and aesthetic resolution of the architecture to provide greater service to people and the environment," concludes Stretton.

The bi-annual AfriSam-SAIA Award for Sustainable Architecture + Innovation is South Africa's leading award dedicated to acknowledging best practice and innovation in sustainable architecture. Its aim is to promote and increase learning and understanding of sustainability within the context of the human built environment. Some of the worthy sustainable, innovative entries include: POD IDLADLA – Collaborate000 module; a Solar Turtle – Ugesi Gold; and BridgingMzamba – buildCollectiveNPO with Carinthia University of Applied Science (Eastern Cape).

POD IDLADLA

The POD module, and its incremental capacity, answers the mobility of people in a fast-evolving economy and the flexibility of the core family-unit or shared-living groups in our society. A good and compact design proves how liberating a small living space can be – spend less time cleaning, have more time to enjoy life, more

ARCHITECTURE + INNOVATION

time free to go out or away on holiday, meeting fellow human beings.

Property is the best-performing investment. The land-lease system common in developments between public-private institutions, if applied to individuals, is another way of making housing affordable by removing the cost of land ownership from the initial house price, affording a best-performance house skin from the start. Opening up a new synergy between a house-owner and a land-owner, it also addresses sustainability through modular increments and adaptability of use.

The POD attempts to bridge a divide within the market and would increase home ownership, it would also formalise the economic system of backyard shack dwelling or cottage rental, into best-living conditions. ■

BRIDGINGMZAMBA

The community driven project ´bridgingMzamba` originated in the urgent need for a safe crossing of the Mzamba River that was requested by surrounding inhabitants.

It included design and implementation of a 140 m long suspension bridge in a collaborative manner.

Through an intensive collective approach with users, students and experts, the production of knowledge, cultural exchange, skills development and responsibility is achieved for all participants.

Design and technology was guided by the reduction of environmental impact, available resources, the implementation with laypersons and the hardly accessible construction site.

The Mzamba Bridge now connects residents of a catchment area of 30 km to necessary infrastructures such as educational facilities, health care, jobs and general food supply.

Further, it serves as a landmark and potential tourist attraction in the area, encouraging the stimulation of socio-economic development.■

SOLAR TURTLE

The Solar Turtle is an innovative community solar power plant and energy spaza shop in a box. The scale of the Solar Turtle allows the usually expensive solar panels to be stacked and stored within the container that it arrives in, keeping the plant and panels secure during the times they are not being utilised.

The Solar Turtle promotes the empowerment of women to generate and sell clean power in rural communities where the need is most dire. These 'plug and play' container-based solar spaza shops are assembled off site and deployed on site by unfolding the panels towards the sun, making it ideal for any application.

The Solar Turtle's unique design not only addresses the problem of cumbersome community installations in remote areas but also the vandalism that's a harsh reality of many off-grid communities. The business model is the enterprise development option captured by the motto, 'We do not just give power: We empower!' Community engagement ensures that the product is protected by locals – the true beneficiaries of the Solar Turtle.

The AfriSam-SAIA Award for Sustainable Architecture final awards event will take place in October this year. ■

QUALITY CONCRETE ON SITE

Johan van Wyk

All Southern Africa Readymix Association (Sarma) members are required to have the necessary knowledge and correct processes in place to manufacture concrete, according to strict criteria.

In addition, they have access to technical knowledge that allows them to manipulate mixes to meet the customers requirements. Suppliers are also in a position to advise on the required properties and best mixes to get the job done, quickly and efficiently.

"This is all part of Sarma members being proactive and adding value. The contractor may or may not be aware of the importance of effectively specifying concrete," explains Johan van Wyk, Sarma General Manager.

"As a progressive industry it is our job to enlighten our customers and ensure that apart from the basics, they also get concrete that is easy to work with, appropriate for the task and is tailor made. For example, if the concrete has to be transported long distances on site via wheel barrow, the ready mixer may need to retard setting a little in order to allow time to place the concrete, etc."

He says, "There are many other

Apart from basic strength and slump parameters, contractors can make use of the knowledge that readymix suppliers can provide in terms of ease of delivery to the required point, concrete placement and workability.

'tricks' that can be used to make placement easy, save time and ensure the highest strength and quality. It's all about communication and ensuring that the readymix supplier understands each and every parameter of the usage of the concrete on site. A Sarma accredited supplier will be able to add far more value than merely sticking to a strength and slump specification," says van Wyk.

He recommends the following criteria be discussed with the concrete supplier upfront in order to draw up an adequate specification: strength requirements; workability requirements; application (know where it is being used i.e. structural column, floor etc.); location (address, coordinates, which entrance, details etc.); contact person; time required on site; access requirements; and site transport (wheel barrows, pump, bucket etc.) On receiving concrete van Wyk suggests that all the resources be ready and that the truck spins for at least five minutes on site before discharging. Upon discharge ensure that all requirements on site are in place (rebar has been inspected, formwork inspected, etc.) and that necessary testing be done according to agreed methods by nominated persons.

Upon placement ensure that compaction is done correctly (to get the air out) and that protection and curing methods are put in place immediately.

He advises that communication is critical with all parties on site and that ready mix staff be consulted to ensure that everything is going according to plan.

"As long as these basics are in place, the readymix company can prepare mixes in accordance with these requirements. On site, cooperation and communication will make the job much easier," concludes van Wyk.

For further information contact Sarma on 011 791 3327 or visit www.sarma.co.za ■

COOL CITIES

Concrete's relatively light colour has several important environmental benefits, particularly in urban areas, says Bryan Perrie, Managing Director of The Concrete Institute.

According to Perrie, the two primary benefits of concrete's light colour are reduced lighting energy consumption, and a decrease in the 'heat island' effect in cities and built-up areas, both of which help to combat global warming.

He says that in the first instance, the light colour of concrete provides a safer environment and enables lighting requirements in cities to be reduced internally and externally.

"Research in the United States has shown that reflection readings on concrete roads, parking areas and pavements are four to five times higher than other road surface materials. This means increased visibility for drivers and increased security in urban areas. Similar research has shown that the increased reflectance of concrete roads calls for fewer lighting masts and up to 24% lower energy requirements. This principle also applies to urban areas and car parks."

Explaining the benefits of the light colour of concrete in reducing the heat island effect, Perrie says that on hot summer days, ambient conditions in urban areas can vary from 2 to 6º C warmer than the adjacent countryside, thus making the built-up areas 'heat islands'.

These urban heat islands can influence rainfall patterns with higher rainfall downwind of cities compared to the upwind areas. The reflectance ratio – or 'albedo effect' as it is called – of reflected solar radiation to the amount that falls on the surface, rates from 0, when no incoming radiation is reflected to 1 when all incoming radiation is reflected.

The lighter the surface colour, the more solar radiation it will reflect and the less heat it will absorb. The solar reflectance of concrete varies between 0,2 and 0,4, compared with asphalt's much lower reflectance that ranges between 0,05 and 0,2.

"Exposed building materials with a high albedo reflect more heat and lead to cooler cities. The average albedo of normal concrete is about 0.35 with reflectance values as high as 0,7 to 0,8 for white concrete made with white cement. In contrast, dark materials, such as new asphalt, can have an albedo or reflectance capacity as low as 0,05.

"The incorporation of high albedo concrete products in exposed surfaces, such as roads and parking areas, can significantly reduce the heat island effect and lead to cooler urban areas.

In Arizona, for example, the summer temperatures of adjacent concrete and asphalt roads were measured: concrete was a staggering 11º C cooler," Perrie adds.

He says using concrete with its high heat reflectance ability can lower average summer afternoon temperatures in surrounding buildings by as much as 3º C, cutting air-conditioning usage by as much as 18%.

"The potential increase in cost during the design and construction phases in providing a green structure will generally be more than offset by the savings from reduced energy usage when concrete structures are used. Life-cycle cost analyses have shown that, because of concrete's durability, the whole life cost of many projects is lower when concrete is used as the major construction materials," Perrie concludes. For further information contact The Concrete Institute on 011 315 0300 or visit www.theconcreteinstitute.org.za ■

AFRICA'S BEST KNOWN GRADER

Mitsubishi has been acquired by new stakeholders with ambitious plans for the future. Under the new banner of Hidromek, the stalwart machines, renowned for reliability in tough conditions, will be further enhanced.

European based company, Hidromek, aims to build on Mitubishi's successful design and construction of the rugged machines. While processes and procedures at the factory have remained largely unchanged, the factory is evolving and adding features that build on the original design and offer extra value for fleet owners.

The rugged simplicity and raw power of the machines has made them legendary and led to the machines gaining a strong following from users who require machines that can work reliably for extended periods in rough terrain with minimal support. Where lesser machines have battled and broken, the big Mitsubishi/Hidromek machines have excelled and soldiered on in the face of adverse conditions.

Peter Kaliszka of ELB Equipment, the long-standing distributor of Mitsubishi/Hidromek graders in southern Africa, says for decades Mitsubishi graders have made their mark in Africa. The graders have been used to prepare some of the most desolate and remote roads on the continent. Out in the bush they perform without hassles and with very little requirement for maintenance.

This has earned them a reputation for toughness and reliability that is unsurpassed in the industry and is a driving force behind ever rising sales amid fierce competition. Their popularity is due in part to the sheer simplicity of the machines which lack the fancy electronics and potentially troublesome gadgetry that has become commonplace on other leading brands. The graders have been cleverly designed to be near indestructible, using the best Japanese materials and designs to develop a machine with the least possible chance of failure. Likewise, instead of searching for efficiency through smaller high-tech engines, the Mitsubishi/Hidromek is equipped with a bigger engine that is hardly taxed when grading at low revs.

"The end result of this is a grader that is more economical than small engine competitors in hard working environments. Similarly, the engine is not strained and as a result is more reliable with less chance of breakdowns. That is why in over 25 years since the first machines went into operation in southern Africa, we have only ever replaced two engines (one as a result of drowning in a flooded river, the other as a result of misuse)," says Kaliszka.

Contractors responsible for road construction and maintenance also rely on the Mitsubishi/Hidromek for their low running costs and continuous availability. Fuel savings also play a major role with contractors who operate mixed fleets reporting fuel savings.

Contractors also prefer the simplicity of the machines with fewer things to go wrong and no need for out-of-town technicians in the event of a fault. This applies to all models from the Hidromek MG 460 18 ton to the Hidromek MG 431 16-ton and Hidromek MG 330 14-ton machines depending on the size of the roads required in particular areas. Fuel savings also help to keep the machines out in the field for longer where the size of the diesel bowser may decide how far the grader may venture into the bush to clear roads.

With the overall responsibility for grader sales across the entire subregion, Kaliszka says in South Africa, where the Hidromek grader brand is a trusted partner for road construction companies, the brand is continuing to grow in leaps and bounds.

"In future, fleet owners who have become loyal to the brand will have more choices as newer and more sophisticated machines get added to the line-up to fill niches in urban and specialist applications."

For further information contact ELB Equipment on 011 306 0722 or visit www.elbequipment.com ■

Increased demand for tower cranes

With the backing of its parent company, Torre Industries, SA French is growing the popularity of the Potain tower cranes.

Quentin van Breda, Managing Director of SA French which is a division of Torre Lifting Solutions, says one of the company's major competitive edges is Potain's ongoing investment into research and development. This has facilitated access to the latest lifting solutions that are now being demanded by a rapidly changing crane market on the continent.

There has been an increased need for cranes that use less than half the electrical energy compared to earlier units; a trend that is in line with international practices.

Contractors are also exploring state-of-the-art technologies from tower crane original equipment manufacturers (OEMs) that assist in improving preventative maintenance strategies and optimise the overall performance of the machines on site.

Van Breda says all Potain cranes leave the factory floor pre-equipped for the system that informs the project manager when they are due to be serviced and when adjustments need to be made to mechanical componentry.

There are also more onerous demands on tower crane OEMs and the distributor networks. Van Breda says the fast track nature of modern buildings means that contractors have less time to prepare the site. As a result the contractors now rely more heavily on a full turnkey service from the OEM supplier.

The need to mobilise a tower crane as swiftly as possible on the site means that work can start timeously. Van Breda says SA French has a comprehensive fleet of quality tower cranes that can be quickly mobilised to and demobilised from site.

Optimum uptime also has to be ensured through high levels of tower crane reliability. Van Breda says it is not unusual for construction companies to demand a response rate of as little as three hours from their supply chain partners.

The growing distances between construction sites and their support points calls for very careful logistical planning by equipment suppliers to ensure that these critical contractual obligations can be met. Support often has to be undertaken on a weekly basis to keep to demanding construction schedules.

Van Breda believes that the market

will become even more demanding, challenging conventional sales and after-market support roles of equipment distributors and their principals. However, under his leadership, SA French continues to adapt to keep Potain a common sight on the continent. ■

Power tool training

Vermont Sales is offering trade customers and store managers courses on power tools, accessories, drill bit science, wood and metal working.

The training is facilitator driven, and the one day courses are run by experienced staff, using all the latest equipment and technology. The air brush training covers an introduction, terminology, choosing an airbrush, compressed air, how to use an airbrush, maintenance and practical lessons.

Air Supply in the workshop an introduction, compressors, setting up an airline, pneumatics and vacuum.

Drill bit science covers drills and drilling, understanding the properties of steel, carbon steel, hardness and tensile, alloys, high speed steel, drill bit terminology, coating on drill bits, bit designs, specialist drill bits for metal and wood.

The introduction to power tools includes portable power tools, general power tool maintenance and safety, power tools, applications, power tool motor construction, gearbox and settings. The electric drill covers understanding the electric drill, the different types, the parts, construction methods, how a rotary drill works, the pneumatic and hammer action and the various drill bits for different applications.

Saws and cutting tools includes different types of cutting machines such as angle grinders, cut-off machines, wall chasers, chainsaws, circular saws, band saws, jigsaws, reciprocating saws, oscillating power tools, scroll saws, plus the correct saw blades to use and all the relative accessories that go with and can be used with these tools. This includes surface treatment tools and accessories with abrasive grains of sandpaper and cutting discs, orbital sander, the random orbital sander, geared eccentric sanders, belt sanders, disc sanders and the renovation grinder as well as polishers.

Wood and metal work includes an introduction to wood and metal, sawing, cutting, blades, and discs a practical session on the preparation of wood and steel, planning and profiling, surface treatment and assembly.

For further information on dates of the courses contact Vermont Sales 011 314 7711 or visit www.vsevents.co.za ■

Habito drywalling

Leading building solutions group Saint-Gobain Gyproc recently introduced Habito high strength dry walling into South Africa.

As opposed to rules pertaining to traditional drywall, such as not hanging anything too heavy or using doorstops to prevent indentations from door handles, Habito is a building product solution which is unsurpassed in strength and durability. The technical features include a superior load bearing quality, which allows for 15 kg weight per screw. This means 150 kg can be safely mounted using only 10 screws. It absorbs knocks and bumps and dramatically reduces wear and tear. Fixtures can be changed without causing unnecessary damage to the wall.

Installation of Habito is straightforward and requires a simple score and snap method. The board can be marked with a chalk line, cut using a blade runner, jigsaw or Stanley knife and the edges finished off with a jigsaw.

Habito is installed using Habito Ultrasteel studs and Donn UltraSteel tracks and Habito High Performance Screws are used at a low screw gun revolution. This high performance wall system is then completed by using Rhinolite Multipurpose plaster for plastering the board.

To affix heavy items onto a Habito wall, no wall studs, battens, noggins, anchors or brackets are needed. Items can be screwed directly onto the wall. Fischer Butterfly screws are recommended for affixing very heavy items such as kitchen counters and standard chipboard screws are recommended for use when mounting medium weight items such as a television. Habito High Performance screws can be used when mounting lighter fixtures.

With the strength of brick and the benefits of dry wall, it provides the perfect solution particularly for interiors in high traffic areas or where home owners are likely to want to redecorate – move fixtures, fittings or shelving

To add to an already extensive list of benefits, Habito it also creates an effective buffer against excessive noise creating a more peaceful and comfortable environment. Furthermore, by using Habito together with insulation, indoor temperature can also be regulated.

All Saint-Gobain Gyproc products come standard with a product warranty that gives customers the quality assurance that Saint-Gobain Gyproc products have been tried and tested and are backed by over 85 years of experience and industry knowledge.

For more information about Habito go to http://www.habito.co.za ■

Fibre cement products

United Fibre Cement Company offers the construction sector quality, asbestos-free, cellulose fibre cement products in South Africa.

Established in 2005, United Fibre Cement Company (UFCC) developed affordable and safe construction materials for the built environment. The company's product offering includes smooth fibre cement sheeting of various thicknesses, which covers a range of applications. Ranging from internal dry walling, partitioning, fascia, soffits, cornicing, ceilings and skirting, to external cladding, decking, flooring, permanent formwork and even secondary roofing, eave linings, ducts and ventilation.

Says UFCC's CEO, Leon Bekker, "Over the past decade, we have remained dedicated to bringing quality products coupled with excellent customer service to the local industry. A core aspect of our mission and the reason for our success is that we offer a 'one-stop' facility to contractors in the line of cellulose fibre cement products."

UFCC also supplies wood grain-impressed fibre cement boards and planks, "Wood has a natural beauty and strong appeal to the market. And we have found that our fibre cement products, either plain or with the timber grain pattern, have become very popular, especially since they can be painted in any colour or finish. The DecoWood range combines the rustic appeal of timber with the durability of fibre cement and its uses are truly limitless," adds Bekker.

The UCO SolidWall Building System, an Innovative Building Technology (IBT), is suitable for affordable housing and has been approved by Agrément. The product meets all the requirements for fire-rating, acoustic and thermal insulation, wet application impact strength and robustness.

Having proven itself as an Innovative Building Technology (IBT), the UCO SolidWall Building System represents an affordable and viable option across the residential spectrum. ■

CONFLICT RESOLUTION ON SITE

The earlier a dispute, or potential dispute, in a building contract is dealt with the better the chances of an equitable and prompt solution, says Uwe Putlitz, CEO of the Joint Building Contracts Committee (JBCC).

JBCC, a non-profit company representing building owners, developers, professional consultants, general and specialist contractors, publishes, updates and promotes standardisation and good practice in the built environment.

Putlitz says dispute and conflict on building sites are nothing new but tend to increase during difficult trading conditions, when all the parties involved are seeking to contain costs and survive building slumps. The fact that new and relatively unestablished sub-contractors are now increasingly present on building sites can also lead to misunderstandings. He says that in some cases, the new companies feel intimidated and this is a recipe for conflict, which needs to be nipped in the bud.

"The best way to address a conflict is at the outset through negotiation between the participants. Conflict can be destructive leading various parties involved in a building project to develop negative feelings toward each other, and spend energy on conflict that could be better applied to completing a project on time. It can also deepen differences, and lead groups into hostile positions. Yet most cases of conflict that the JBCC encounters could have been prevented by timeous preventative action," says Putlitz.

Some important guidelines to help reduce often expensive and time consuming claims in building disputes:

- **Planning**: A pro-active project manager should anticipate and avoid potential problems rather than rectify problems that have already occurred;
- **Recognition**: Recognising a potential dispute timeously may enable a contractor or employer to timeously take action to limit or avoid a claim or litigation;
- **Communication**: Parties to an agreement and their agents must communicate freely, speedily and be able to refer to others for a prompt decision. Employers should recognise that their representatives may be reluctant to acknowledge a problem to conceal delays and/or additional costs. The contractor's staff may similarly want to conceal a possible problem from their superiors. Both situations will lead to confrontation, especially when the employer is presented with an unexpected claim near the end of the project.
- **Defining the consequences**: The parties must deal with a (potential) problem as soon as it arises and reach consensus on the possible impact, extent, cost and plausible solutions;
- **Notification**: If the contractor identifies a problem he/she should immediately notify the employer or the employer's representative. Failure to do so, by either party, could result in a claim and/or litigation. Each party must provide factual evidence to substantiate its position. A late or ill-prepared claim places both parties in a difficult position by limiting possible options and/or resolutions;
- **Documentation**: The maintenance of current and accurate project records is critical throughout a project, particularly if a disagreement or a dispute should arise. Records should clearly show a logical cause-and-effect relationship between any unanticipated events and its consequences to demonstrate the full effect of the events that occurred;
- **Contract Documents**: The contract documents must be fair to both parties and specific to the project. Each party to an agreement must be provided with a copy of the contract documents. One-sided contracts promote disputes that often end in litigation;
- **Contract Instructions**: The principal agent must administer the issue of contract instructions promptly in accordance with the provisions of the agreement, clearly defining the scope of employer-authorised additional work or omissions and the allocation of costs;
- **Impact of delays and time and money claims**: The contractor must promptly assess the direct and indirect implications of a delay/disruption to the project completion dates and possible resultant cost implications. The contractor must also confirm that resources to undertake additional work are available without disruption to the regular scope of work. The employer must recognise the contractor's right to compensation and fair profit on any additional work;
- **Solution**: The parties must co-operate to determine the most cost-effective method to deal with a particular problem, possibly by alternative solutions for which neither party should assume total responsibility.

"Consensus and teamwork remain integral parts of the process to ensure that project risks remain fairly allocated to both parties," concludes Putlitz. For further information about JBCC go to www.jbcc.co.za ■

AfriSam partners with Royal Bafokeng

AfriSam and New Business Consulting, a 100% Broad-Based Black Economic Empowerment (B-BBEE) Bafokeng-owned company, recently signed a Memorandum of Understanding (MoU), cementing a partnership to create job opportunities and enterprise development.

As the leading black-controlled construction materials group in southern Africa, AfriSam is committed to enabling economic development on the African continent. It believes in contributing in a sustainable and meaningful manner to communities surrounding its operations.

New Business Consulting, comprising a number of entities including local entrepreneurs, a women-owned company as well as the B-BBEE Makgotla Trust representing 2 000 members, strives to empower mining communities through its economic development model in the North West Province.

As part of the MoU, a number of enterprise development opportunities within the Bafokeng area have been identified and are currently being investigated. Amongst these is the establishment of containers as cement sales outlets as well as a premix bagged product manufacturing facility. The goal is to establish sustainable local enterprise development businesses that will directly benefit the Bafokeng people.

"All the projects we have identified strongly align with, and support, the strategic objectives and enterprise development goals of the Royal Bafokeng Group and should create shared value for all parties involved, including the local community", says Roshni Lawrence, Strategic Growth Executive at AfriSam.

Back row from left to right: Ian Venter (MD of Royal Bafokeng Enterprise Development), Moss Ramatja (New Business Consulting), Itu Diala (Women Group of New Business Consulting) Damaria Masilo (Women Group of New Business Consulting). Front row from left to right: Gerhard Maree (AfriSam), Roshni Lawrence (Strategic Growth Executive, AfriSam), Ernest Mogopodi (Chairman of New Business Consulting) and Kgosana Phillimon Rabyae (Tau Bashiga Community Development Trust).

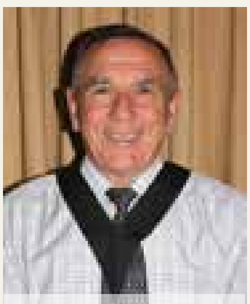
Cement and construction related products are a fundamental requirement for infrastructure development and broader economic growth. It is for this reason that AfriSam is proud of the positive contribution it can make to society through the products it manufactures.

In addition to its products, AfriSam's geographical footprint also enables the company to create value for local communities through its community upliftment initiatives and by providing employment opportunities.

AfriSam has an extensive network of cement, aggregate and readymix operations, which enables the company to play an active role in the growth and development of most regions in southern Africa. ■

Questionable paint imports

Chairman of the SA Paint Manufacturing Association (SAPMA) Terry Ashmore says the dumping of questionable paint imports into South Africa could have a negative effect on the local paint manufacturing sector.



Terry Ashmore

Addressing SAPMA's annual general meeting recently, Ashmore said that in view of the challenging local conditions for paint manufacturers, the threat of increased imports of 'variable quality paint from less regulated countries' could have a negative impact on profitability and lead to job losses.

This will continue to make things difficult for the local industry until intra-African custom tariffs are balanced. "If not, there will be increased foreign interest and investment into South Africa's northern neighbours, which could easily divide sub-Saharan into three trading zones: eastern, western and southern.

This would not be in our best interest and SAPMA intends approaching government to improve the local coatings industry."

SAPMA Vice-Chairman, Sanjeev Bhatt, said that the sector increasingly had to resort to consolidations in order to survive and cited the problems of the rand's fluctuating exchange rate. He urged companies to invest in data quality and analyses to help control, predict and mitigate risks.

SAPMA Administrator, Mandy Linossi reports that the association has 110 paint manufacturers over 1 200 hardware and paint retail members, and associate membership is also continuing to grow. However, the number of paint contractors has dropped as some companies are no longer in business.

Further information contact 011 615 1195 or go to www.sapma.org.za

Flowcrete Group's new President

Craig Brookes

Flowcrete Group has appointed Craig Brookes, previously the Flowcrete Group Vice-President and International Managing Director, to spearhead global operations as its new President.

The global leader in polymer flooring technology promoted Brookes to the role after former President Mark Greaves stepped up as President of The Euclid Group, the construction chemicals group within the multi-national company, RPM International Inc.

Brookes said: "This appointment is an incredible honour, especially as over my two decades at Flowcrete I have seen the company expand and grow from a small UK business to world leader in resin flooring active across six continents."

He added, "Now, Flowcrete Group has never been better placed to capitalise on our geographical infrastructure, advanced technology and extensive expertise to provide resin flooring materials to more construction projects than ever before – regardless of whether the development is in London, Chicago, Hong Kong, Rio de Janeiro, Chennai or Dubai."

Brookes has been instrumental in Flowcrete's rapid growth, with a highly successful personal track record of building and sustaining businesses across different global markets.

He has also championed state-of-the-art manufacturing centres in Johannesburg, Durban and Chennai as well as distribution facilities in Sydney, Cape Town, Nairobi, Jakarta, Bangkok, Mumbai, Delhi and Bangalore.

In fact, he wrote the company's rulebook on entering new markets – crafting the time proven Flowcrete Organic Entry Model. This methodology has proven highly successful to establishing effective business, with Flowcrete currently selling into 80 countries worldwide from 31 offices located across the globe.

"Flowcrete has proven itself time and time again to be a dynamic, forward thinking company. It has been able to supply the world's largest and most complex developments with flooring solutions tailored to meet their requirements," said Brookes.

Flowcrete Group has been a subsidiary of RPM International Inc since 2008 and since then has been embarking on collaborative business strategies with other RPM entities around the world. For further information visit Flowcrete South Africa, www.flowcretesa.co.za or call 031 461 3411. ■

Entering into contracts

The days of a simple handshake holding together the various parties involved in a project belong to a bygone era.

In the building industry, in particular, entering into any contract whether large or small without a formal contract is a recipe for disaster, says to Uwe Putlitz, CEO of the Joint Buildling Contracts Committee (JBCC).

Putlitz says, "A building or construction contract is a binding agreement between the employer for the building project, building contractor and sub-contractors, responsible for carrying out the construction work. JBCC has developed a comprehensive set of contracts, meticulously drafted to comply with South African legislation to ensure equitable distribution of contractual risk."

JBCC is a non-profit company which represents building owners and developers, professional consultants, and general and specialist contractors. JBCC documents have been approved by the Construction Industry Development Board (CIDB).

JBCC is to stage two seminars on the Principal Building Agreement and Nominated/Selected Subcontract agreement in Gauteng.

The seminars will be presented from 8am to 4 30pm on September 7 at the Johannesburg Country Club in Auckland Park, and October 25 at Bytes Conference Centre in Midrand. Each course will earn delegates a Continuing Professional Development (CPD) point.

The interactive seminars will deal with the various agreements and application of the contracts and supporting forms as a contract administration tool. The target audience includes principal agents, project managers, architects, quantity surveyors, engineers, building contractors and subcontractors, employers, building owners, developers and procurement officers.

The programme will cover various facets of contracts, the role and appointment of sub-contractors, the execution and completion of works, final accounts and payments, insurances, securities, suspension, termination, as well as dispute prevention and resolution.

"The training provides delegates with a working knowledge of all JBCC agreements and forms, the competent administration of agreements, as well as knowledge on how to maximise productivity, and minimise claim delays," says Putlitz.

For further information contact 011 482 3102 or email info@jbcc.co.za

New guide to application of ISO 9001


Sonja de Klerk

Aurecon recently hosted the first working meeting of the International Federation of Consulting Engineers' (FIDIC) Quality Management Task Force. The goal of the task force meeting is to create a new guide that will give practical and useful information on how ISO 9001 clauses can be applied within engineering and construction companies.

Sonja de Klerk, Head of Quality, Environment & Sustainability at Aurecon, says that engineering consultancies and contractors are often required to have formalised Quality Management Systems and be ISO 9001 certified to compete in today's marketplace. The new guide, which will be entitled Guide to the Interpretation and Application of ISO 9001:2015 in the Consulting Engineering Industry when it is released, will demystify many complex aspects of the Standard.

"This guide will be helpful to any quality management practitioner in the consulting engineering industry. The clauses in ISO 9001 can seem abstract, but the new guide will help clarify them in the context of our industry through the use of explanations and examples," says de Klerk.

FIDIC is the global voice of consulting engineers and member firms are encouraged to commit to implementing quality management systems that involve all levels of management and every employee within their companies. In 1997, FIDIC first released an implementation guide, with further revisions released as the ISO 9001 Standard continued to evolve. In 2015, a fundamental review of the Standard was released, namely ISO 9001:2015. It was the catalyst for FIDIC and the European Federation of Engineering Consultancy Associations (EFCA) Task Force on Quality Management to come together and create a guide that will help quality management professionals interpret the application of the Standard.

De Klerk explains: "Companies are not required to instantaneously switch over to the new ISO Standard. Instead, a transition period of three years from date of publication of the new standard has been agreed for accredited certification. This period will end on 15 September 2018, which means that all certified companies need to be fully compliant with ISO 9001:2015 by that date. The new guide helps them on this journey."

The Task Force on Quality Management is chaired by Walter Painsi from Austria and includes South Africa, which is represented by Sonja de Klerk. Painsi says the new ISO 9001 Standard introduces some far-reaching changes to previous revisions, such as a prominence of risk-based thinking and engagement with interested parties. For further information visit www.fidic.org ■

Aurecon's new leadership

The CEO of engineering and infrastructure advisory firm Aurecon, Giam Swiegers, recently announced a number of new leadership appointments as the global firm ramped up its investment in its advisory practice.

Two senior advisory leaders, Brad McBean and Stuart Cassie, have joined the firm. McBean heads up the global Advisory as Managing Director and Stuart Cassie as Advisory Market Director.

McBean joins Aurecon from his previous role as Partner within the Strategy Practice (Strategy&) at PwC Management Consulting and Cassie as PwC Managing Director Capital Projects.

Swiegers has also commissioned independent consultant Gerhard Vorster, most recently Deloitte's Chief Strategy Officer and previously Deloitte's consulting leader in Australia, South Africa, and South East Asia, to advise on the growth of Aurecon's global Advisory business.

McBean, Cassie and Vorster will join Matt Coetzee and Dr Chris Von Holdt to form the leadership team of Aurecon's Advisory Practice.

Swiegers said, "As one of Australia's biggest providers of infrastructure and engineering services, Aurecon is seeing an increasing demand for consulting advice around supply chain, asset optimisation, portolio.."

"With a focus on the rapidly changing face of key areas of infrastructure such as Transport and Cities, these leaders will work closely with Aurecon's Chief Digital Officer, Dr Andrew Maher, to develop Aurecon's solutions to support the digitisation of infrastructure."

The new team all trained as engineers and have built and sustained world-class supply chain and procurement capabilities as well as advisory practices across a number of industry segments. I am delighted to welcome them to Aurecon," added Swiegers.

He concluded, "The engineering and infrastructure industry faces huge change and challenges over the next few years. In a commoditised market, subject to disruptive technology, we must respond to the constantly shifting business landscape. This means knowing our clients and their businesses better than our competitors and excelling in bringing innovation and expertise to the table to help solve their most difficult problems." ■

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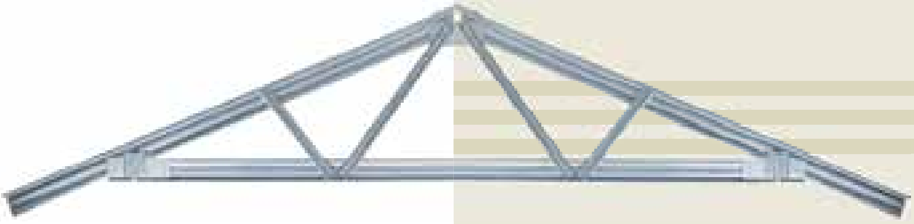

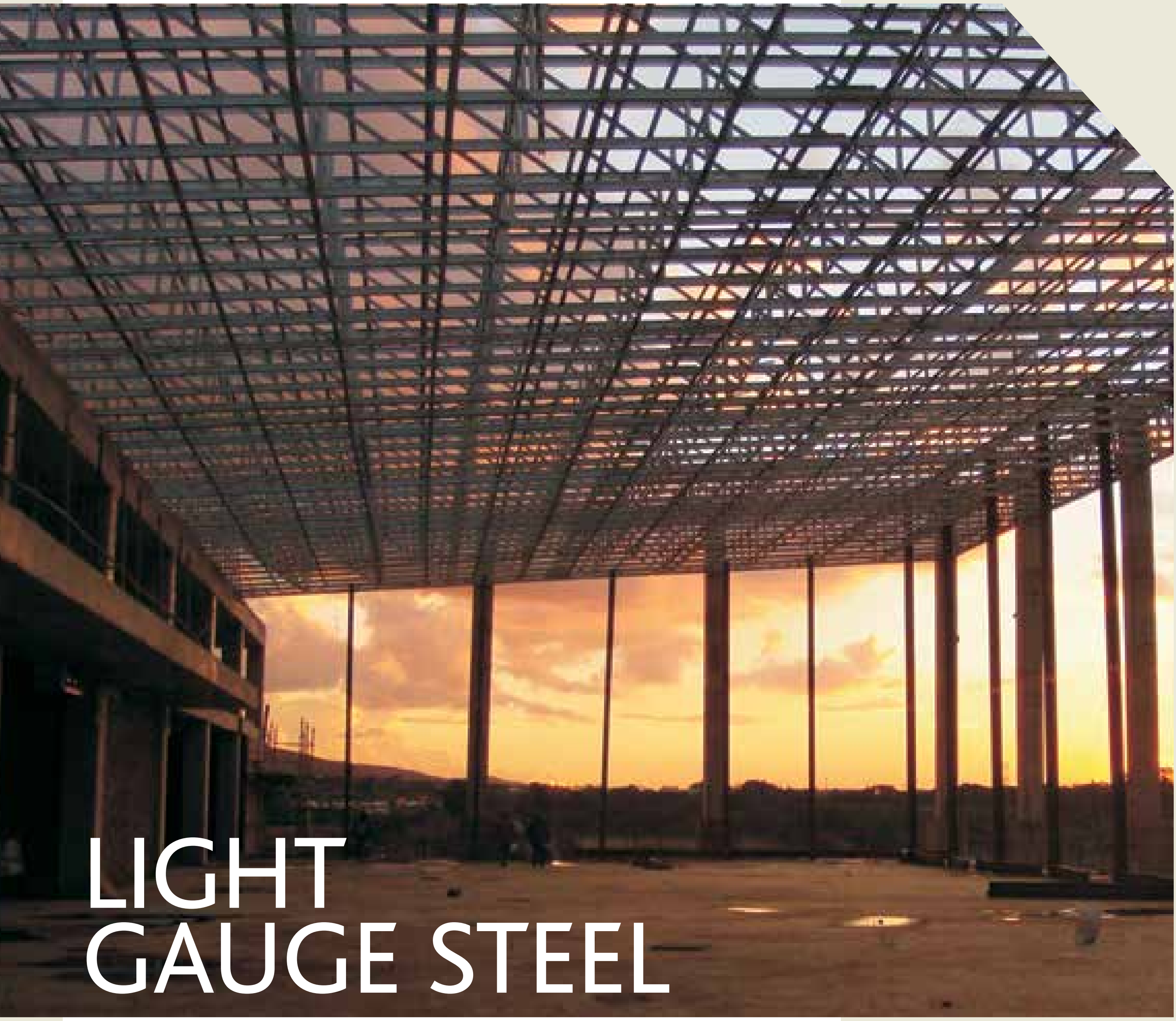

LIGHT GAUGE STEEL

The low mass per m2 (between 2-10kg) of this roofing system ensures both savings on the supporting structure as well as on transportation and erection costs whilst also being vermin proof and non-combustible.
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